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United States & Canada

'Brady Plan' Aims at Reducing Countries' Debt
HK1403034189 Beijing RENMIN RIBAO in Chinese
12 Mar 89 p 1

[Dispatch by reporter Cang Lide (0221 4539 1795): "The United States Announces the 'Brady Plan' Aimed at Reducing the Financial Burden of Debtor Countries"]

[Text] Washington, 10 Mar—To change the U.S. debt policy toward the Third World countries, U.S. Treasury Secretary Brady announced at the State Department today a new plan aimed at reducing the financial burden of debtor countries.

The main content of the plan, which is called the "Brady Plan," is that through the International Monetary Fund and the World Bank subsidies will be provided for creditor banks aimed at reducing or exempting parts of the principal and interest of debts owed by debtor countries. The main method to be followed involves the abovementioned two international banks making efforts to raise special reserve funds. After creditor banks reach an agreement with debtor countries on the reduction or exemption of the relevant debts, the debtor countries can use the funds to buy the debts which have been exempted or reduced at prices lower than the original ones. In addition, creditor banks can also use lower value debentures in exchange for debts which have been reduced or exempted. With regard to interest on the debentures, the IMF and World Bank can provide guarantees.

According to statistics, developing countries, mainly the largest debtor countries in Latin America, cumulatively owe the United States \$400 billion. The debt problem is seen as an important factor in social and political unrest in some Latin American countries.

Leaders of some Latin American countries have stated that the intention behind the "Brady Plan" is encouraging, but Venezuelan President Perez maintains that the step taken by the plan in reducing or exempting debts is not bold enough. The Japanese finance minister stresses that he "strongly supports" the new plan and pledges financial support.

Li Peng Hopes for U.S. Investment Agreement
OW1303135889 Beijing XINHUA in English
1225 GMT 13 Mar 89

[Text] Beijing, March 13 (XINHUA)—Chinese Premier Li Peng expressed the hope today that China and the United States would sign an investment protection agreement at an early date, so as to promote bilateral economic and trade relations.

At a meeting with Richard Lesher, president of the U.S. Chamber of Commerce, here this afternoon, Li said that recent years have witnessed a great development in Sino-U.S. economic and trade relations.

He said there is great potential for the two countries to cooperate in economy, trade, and technology on the basis of equality and mutual benefit.

He expressed the hope that such cooperative relations of mutual benefit would further develop.

Lesher said that U.S. trade circles hold a positive attitude toward developing cooperation with China, adding that the Bush administration has promised to make more efforts to overcome trade protectionism.

Li expressed appreciation at [word indistinct] saying that China will continue to improve its investment environment and welcomes more American entrepreneurs to invest and [word indistinct] factories in China, and to carry out cooperation in various forms. In this respect, he mentioned processing products in China using U.S. technology and then selling them on the international [words indistinct].

[words indistinct] U.S. trade circles have a long-term interest in investing in and trading with China.

Bank of China Raises International Loan
HK1403132789 Beijing RENMIN RIBAO in Chinese
10 Mar 89 p 3

[XINHUA Report: "Bank of China Raises Funds Amounting to \$90 Million in the United States"]

[Text] New York, 8 March (XINHUA)—The Bank of China, New York Branch, today announced that it had succeeded in acting as a leading organizer of an international syndicate loan for the first time in the United States, and this indicated that it had become rather influential in the international financial market.

According to Wang Xuebing, General Manager of the Bank of China responsible for all branches in the United States, the signing ceremony for the international syndicate loan amounting to \$90 million was held on 1 March in New York. Other banks participating in this loan included the Canadian Imperial Bank of Commerce, the Dai-ichi Kangyo Bank of Japan, the First Chicago Bank, and the Sanwa Bank of Japan.

This loan was offered to Zhonghua America Co Ltd, subordinate to the Chemical Import and Export Corporation of China, and was used to purchase the entire assets and property rights of the Florida Agricultural Chemical Company subordinate to the USX Corporation of the United States and 50 percent of the shares of another company of the USX Corporation. This was the largest amount of funds raised by the Bank of China in the United States, and this event has also aroused interest and attention of the local financial circles.

Wang Xuebing said that many international banks actively participated in this fund-raising activity, so the Bank of China only used 3 weeks' time to complete the preparations.

This fund-raising activity indicated that the Bank of China had achieved certain influence and a rather high reputation in the international financial market.

Scholars Confer About Marketing of Science
OW1303231189 Beijing XINHUA in English
1543 GMT 13 Mar 89

[Text] Beijing, March 13 (XINHUA)—The process of commercializing science and technology has become vital to the world economy since the beginning of the 1980's, Chinese and American scholars agreed here today.

At a conference on "Commercial Science and Technology," which opened today, Vice Minister of the State Commission of Science and Technology Li Xue said China is well developed in many fields of science and technology, but it has failed in many cases to harness science to production.

Last year China began to implement a high-tech industry program aimed at commercializing science and technology, he said.

Liu Huiyong, a researcher at the People's Construction Bank of China, expressed the view that financial circles ought to take an active part in commercializing science and technology.

In China there are currently two ways to commercialize science and technology: One is for scientific institutes to transfer advanced technology to enterprises; the other is for scientific institutes to run enterprises themselves to channel scientific and technological achievements directly into commercial production.

Liu said that the Chinese banks will continue to support the commercialization of science and new technology to help revitalize China's economy despite the state's austerity policy this year.

Li Jingwen, a professor at the Chinese Academy of Social Sciences, said that it is necessary for China to develop high technology in the process of economic development and make the best use of international capital.

More than 40 Chinese and American scientists and economists are attending the five-day conference.

Fang Lizhi Dinner Incident Reviewed
HK1303134489 Hong Kong TA KUNG PAO
in Chinese 13 Mar 89 p 7

[Article by Tsou Tsan-chi (6760 3503 1015): "The Fang Lizhi Dinner—Is He Alone Pallid?"]

[Text] First, On a Major Official Occasion in Beijing

U.S. President Bush visited China in February, and this symbolized a new development in Sino-U.S. relations. The leaders of the two countries held talks, and the Chinese hosts arranged a grand welcome banquet in his honor. When Bush offered a reciprocal dinner, the Chinese officials accepted the invitation to show their respects for the guests who would leave the next day, in light of diplomatic etiquette. So the U.S. President's farewell banquet was certainly full of important officials from both sides. It is not hard to imagine the situation.

Who Showed Pity?

However, many people did not realize that apart from the Chinese leaders, Fang Lizhi and his wife were also invited to the dinner. On that evening, when the Fangs were on their way to the dinner, they were stopped several times by policemen under the pretext of violating the traffic rules. The Fangs could not attend the dinner and were turned back.

The U.S. President openly expressed his "regret" for this event when he left Beijing. Many Western newspapers and journals published reports about this, and criticized China's improper handling of such things, or China's violation of the civil rights of the Fangs, thus expressing strong dissatisfaction. Unexpectedly, a grand banquet for increasing friendship between the two countries brought about an unhappy result.

Did China make a mistake? What was the mistake?

Guests Usurped the Hosts' Role

After the Fang incident occurred, China's Foreign Ministry criticized the United States for "not discussing with the Chinese side this invitation beforehand," while the U.S. side said that "the United States had no responsibility for informing the Chinese Government of this." That is to say, the decision to invite the Fangs was unilaterally made by the U.S. side without consulting the host side. This was the key reason for this incident.

The U.S. President's visit to China was a short one. He came and left hastily. The dinner he gave before he left was not different from an official state banquet. According to diplomatic etiquette, the hosts had to attend this occasion. Therefore, the United States stealthily tried to invite Fang to embarrass the Chinese officials. If Fang Lizhi, who has often criticized the leaders in a tart-tongued manner, suddenly appeared among many Chinese leaders on this grand occasion, the Chinese leaders

would simply be caught in an embarrassed position. If the U.S. President deliberately showed respect for Fang before the Chinese leaders at the banquet, then he would have greatly upset the Chinese leaders and made it difficult for the Chinese officials to handle this situation. Fang always dares to speak in a straightforward way, and it would not be impossible for him to utter remarks that might embarrass the Chinese leaders present; it is not hard to imagine how serious a degree such an event would be. If the Chinese leaders and Fang were seated at a short distance, then the Chinese leaders would not be able to pretend not to see the Fangs, nor could they fight a battle of words with Fang Lizhi. In such circumstances, no matter whether they remained or quit, they would lose national dignity; that would be a real dilemma for the Chinese leaders. After plotting such a farce, the U.S. President would be able to create a sensation in the West. He would be able to demonstrate the U.S. spirit of respecting human rights and place China in an unfavorable position.

This was indeed a formidable move adopted by a formidable guest!

Show Special Favor Toward Talents

Although the United States was the planner of this unhappy incident, the Chinese police put on a very poor performance indeed that evening. As law enforcers, they even abused their power, and precluded the Fangs from attending the banquet under some clumsy excuses. In fact, in all state banquets, the policemen and security personnel must strictly guard the meeting place and blockade the passages, and have the right to prohibit people who are not invited from entering the meeting place. In all countries, this can be done in an aboveboard way, because this is a necessary security step. Why should the police in Beijing use various excuses to conceal their real purpose and even use the violation of the traffic rules as an excuse to turn back the Fangs? Moreover, the United States could not justify what it did. We may ask the U.S. authorities: What would happen if you give a banquet in honor of Philippine President Mrs Aquino and also invited former President Marcos? What would happen if you gave a banquet in honor of the Israeli president and also invited him to meet with PLO leader 'Arafat? What reaction would Britain make if you give a banquet in honor of British Prime Minister Mrs Thatcher and also stealthily arranged the appearance of the leader of the Irish Republican Army at the banquet?

Next day after the banquet, Fang Lizhi held an international press conference to express his feelings. This showed that the Chinese leaders still had a basic magnanimity toward Fang, and this was a good thing. China should also assess the method used by the police in this event and enhance the thinking and quality of the law enforcers. The Chinese authorities concerned will be able to learn something through such a review. The

Beijing police's handling of the "Fang incident" was bitterly disappointing and was too clumsy compared with things in countries ruled by law.

I do not completely agree with Mr Fang Lizhi's opinions. His criticisms were too pungent and did not give consideration to the face of those he criticized. Although "good advice jars on the ear," his attitude should still be more magnanimous. As for his political theory, I think that his arguments sometimes were not logical enough and were not constructive enough. This is merely my opinion. In general, I am concerned with Fang's personal fortune, and I admire his personality. I appreciate his character of being enthusiastic and honest, fearing no powerful or influential people, and being courageous in criticizing contemporary evils, and serving no self-interest.

"The existence of a person who dares to give forthright admonition is much more valuable among many people who only say yes."

Without such honest people to make frank criticisms, the leaders will not be able to understand the actual conditions of the public. Without debates, there will be no truth. Without criticism, there will be no improvement. Without public opinion, those in power will dare to do anything they like.

Isn't this an indispensable link in a society with a perfect legal system? Isn't this the magnanimity that power holders should have?

"I do not agree with your opinion at all, but I am ready to die in defense of your right to express your opinion."

Challenges Facing Bush Administration Examined *OW1303193889 Beijing GUOJI WENTI YANJIU in Chinese No 1, 13 Jan 89 pp 15-19*

[Article by Pan Tongwen (3382 0681 2429): "Challenges Facing the Bush Administration"]

[Text] The reason Bush was elected was basically because the majority of the voters did not wish to change the status quo. Domestically, the biggest challenge facing the Bush administration is the budgetary deficit. In foreign relations, its major challenges are: How to handle the relations between the Soviet Union and the United States under Gorbachev's frequent diplomatic offensives; how to maintain the leadership position of the United States in the Western alliance while carefully harmonizing the various relations within the alliance; and how to handle the new contradictions between the United States and the Third World at a time when tensions are easing in the relations between East and West. As Bush is keenly aware of the importance of Sino-U.S. relations, we have reason to expect new developments in Sino-U.S. relations during President Bush's tenure.

In the 1988 U.S. general elections, Republican presidential candidate Bush defeated Democratic presidential candidate Dukakis by capturing 54 percent of the ballots against 46 percent for Dukakis (426 against 112 electoral votes) and leading in 40 states, thus taking over the White House as the 41st President of the United States. He was also the first vice president to be elected president since 1836.

There were many reasons why Bush was elected President. The most fundamental reason was that the majority of U.S. voters were basically satisfied with the current situation in the United States, particularly the economic situation, and did not want it changed. The U.S. economy had had a steady growth for 6 consecutive years and the situation still looked good on the eve of the presidential election. In October 1988, the inflation rate was 4.4 percent, which was only one third of the inflation rate in 1980, the last year the Democrats were in power; and the unemployment rate had dropped to 5.3 percent, the lowest since the 1974 oil crisis. Although a considerable number of voters were worried about the huge budget deficit, trade deficit, and national debt brought about by the Reagan administration, the income of the majority of voters had increased compared with 8 years ago. It is generally based on the fullness of their pockets that Americans cast their votes. During the 8 years of the Reagan administration, the pockets of most American voters became fuller than ever before. This made it easy to gain voter support for Bush, who was Reagan's right-hand man and successor. In addition, the liberal stand Dukakis adopted on such issues as crime, the death sentence, and defense was not acceptable to the majority of voters. He made a lot of promises to voters concerning jobs and welfare but never specifically spelled out how he would realize these promises. The fact that he could not come up with a clear-cut proposal on how to solve the problems of budget deficit and trade deficit also deeply disappointed voters. These were also major reasons behind Bush's victory.

It is true that Bush was elected President as a successor to Reagan. But, there are clear differences between them as far as their personal backgrounds and the domestic political situations during their administrations are concerned. 1) Reagan is a steadfast conservative. He stresses ideology and has a complete set of his own views about America. During the 1980 campaign, he made a series of clear and definite proposals to drastically reduce tax and welfare programs and sharply increase defense outlays. Bush is a moderate conservative and more practical. During the presidential election, he did not present any comprehensive plan or proposal for America's future and neither did he offer any clear-cut and to-the-point policy proposal about how to solve the key problems facing the United States. 2) Reagan enjoys higher prestige among Republicans, has a relatively stronger power base, and is able to exercise control over the various factional forces within the party. Bush's prestige within the party is far less than that of Reagan and his power base is also relatively weaker. Bush and those who belong

to his faction not only fail to command the support of the right wing and ultraconservative forces within the party, they are frequently under the latter's attack as well. 3) In the 1980 general elections, Reagan not only won the election for himself with an overwhelming majority, but also his prestige and influence enabled Republicans to win a major victory in the congressional elections. Republicans increased their Senate seats by 12, recovering the majority position they lost 28 years earlier. In the House of Representatives, Republicans made a huge gain of 33 seats, which went a long way to boost the Republican Party's position in the House. The growing strength of the Republican Party in Congress guaranteed smooth congressional approval for a number of important Reagan policy proposals during his first term, particularly in his first couple of years. While Bush won the 1988 presidential election with a larger percentage of the votes, the Republican Party suffered a distinct setback in the congressional elections. The Republican Party lost one and seven seats respectively in the Senate and the House of Representatives. This changed the balance of power between Republicans and Democrats in the Senate and the House to the respective ratios of 45 to 55 and 174 to 261 seats. The disadvantageous position of Republicans in the two congressional chambers has thus become even more obvious. The fact that Republicans are in a disadvantageous position will make it very difficult for the Bush administration to deal with Congress. Obviously the conditions Bush enjoyed when he took over the White House were far less advantageous than those Reagan enjoyed 8 years ago when he was elected. This, to a large extent, determined that Bush should act cautiously in the days to come.

However, Bush has his advantages: 1) Although the United States is relatively weak in strength now and faces lots of challenges both at home and abroad, it remains the strongest nation in the world today and still holds a quite favorable position in the international community; 2) in politics, Bush is flexible, practical, and good at accommodating himself to the requirements of the objective circumstances and his moderate and conservative stand is in keeping with the current political trend in the United States; 3) Bush has the savvy of being able to choose the right person to work for him as can be proved by the group of capable people who worked for him during the presidential race. So far, the persons he has nominated for major cabinet posts or appointed as major advisers, such as Secretary of State James Baker, National Security Affairs Assistant Scowcroft, Secretary of the Treasury Brady, White House Chief of Staff Sununu, and Office of Management and Budget Director Darman, are mostly conservative moderates in politics and are considered men of action. The response of the U.S. public has been positive. These advantages will help the Bush administration promote international relations, win the support of Congress, and establish cooperation between the two parties.

Generally speaking, the Bush administration will continue to carry out the general and specific policies of the Reagan administration. Accordingly, there will be great

continuity and succession in policy. However, the Bush administration will also make some readjustments based on objective changes and needs. Readjustments mainly will follow the middle-of-the-road so as to make the Bush administration's policies show more unity between the two parties and be more practical.

The biggest challenge facing the Bush administration at home is the budget deficit. The Reagan administration's towering budget deficit, which hit \$220 billion at its height, has dropped slightly thanks to some measures adopted in recent years. But in 1988, the deficit still reached as high as \$155 billion. The United States' budget deficit not only jeopardizes its own economy but also threatens the stability of the entire Western economy. Therefore, reducing the deficit and balancing the budget is not only of great concern to the people of the United States but also to its Western allies. Bush has already indicated that "slashing the federal budget deficit is a pressing matter of the moment" which he will attend to right after he is sworn into office. He has also vowed to wipe out the deficit by 1993. His proposed solution is "flexibly freezing" expenditures. However, he insists on not raising taxes or cutting Social Security benefits or defense outlays. Moreover, he also proposes to reduce the tax rate on capital gains from 33 percent to 15 percent. Obviously, it is impossible to reduce the deficit this way. The "flexible freeze" plan is based on the presupposition that a healthy economic development prevails; but this presupposition is doubtful. Sprinkel, chairman of the Council of Economic Advisers under the Reagan administration, recently predicted that "the United States' longest peace-time economic development period is expected to last till 1989 or even longer." But many private forecast organizations in the United States hold that "such a prospect is very unlikely." In order to reduce the budget deficit and balance the budget, the Bush administration must raise taxes and slash expenditures, military spending first of all. For further cutting back Social Security benefits is not only unwise politically but sure to be opposed by Congress; besides, whatever can be cut from Social Security benefits has already been cut by the Reagan administration. However, greatly raising taxes and reducing government expenditures may cause economic recession; and yet doing nothing and letting the deficit maintain its current momentum may bring about the same result. This leaves the Bush administration with a very limited choice. Lately, the Board of Governors of the Federal Reserve System, the Congressional Budget Office, Wall Street economists, and former Presidents Ford and Carter have all called on Bush to raise taxes and, at the same time, limit defense spending and cut Social Security expenditures so as to reduce the deficit and eventually balance the budget. So far, Bush continues to hold on to his promise of not raising taxes. However, it seems that, under the various pressures from both inside and outside, the Bush administration will eventually have to give in and work with Congress to find a comprehensive deficit reduction program which includes raising taxes.

Reducing the current U.S. trade deficit is no small challenge for the Bush administration. The U.S. trade deficit in 1987 was \$170 billion, which is expected to possibly drop to about \$135 billion in 1988. But this is still not a small figure. A fundamental way to solve the trade deficit is raising the competitiveness of U.S. products on the international market. But the trade deficit is not a problem the Bush administration can solve in a short time. The Reagan administration achieved certain results in increasing exports by devaluing the U.S. dollar. The Bush administration can continue to do so. But after all, this method's effectiveness is limited. The Bush administration may possibly more frequently use the "unfair trade" clause in the the United States' new trade act to force its major trade partners, namely, Japan and Western Europe, to open their markets further and reduce their exports to the United States. However, this would inevitably lead to retaliation by its trade partners and thus defeat the purpose itself. Therefore, it would be hard to expect the Bush administration to reduce the trade deficit by much at any time soon.

During the election campaign, Bush made a lot of promises such as making the United States "free" of drugs, combating crime, raising the quality of education, strengthening high-tech research, improving environmental protection, subsidizing child care, and others. But all this takes money. Under the current conditions of financial strain and a Democrat-controlled Congress, it is rather doubtful that Bush can honor all his promises besides raising the quality of education and strengthening research in high-tech, projects that concern the nation's future.

Summing up, the Bush administration's success on the domestic front will be limited, at least in the early days. Because, first, the agenda and formulation of policies on domestic issues will have to be decided by the U.S. Congress; second, those domestic problems that could be solved have already been solved by the Reagan administration, and those that the Reagan administration could not solve neither will the Bush administration be able to solve; and third, 8 years after having Reagan in power, the Republican Party "has lost or nearly exhausted its dynamism in dealing with domestic issues."

Relatively speaking, the Bush administration has more room for maneuver in foreign affairs. However, although relatively experienced in foreign affairs, Bush seems to lack a complete strategic concept on foreign policy and has never put forward any clear plan to make changes in U.S. foreign policy. But the international challenges facing him are rigorous. The most salient ones are: under Gorbachev's repeated peace offensives, how will the Bush administration handle U.S.-Soviet relations? Under the circumstances of the United States declining while its allies are daily growing stronger, how will the United States maintain its leading position among its allies and readjust internal relations inside the U.S.-European-Japanese alliance? In an environment of international detente, particularly the easing of U.S.-Soviet

relations, how will the United States properly handle the new contradictions between itself and the Third World?

U.S.-Soviet relations will be the primary issue in the Bush administration's foreign policy. During the Bush administration, U.S.-Soviet relations will still be one of rivalry and competition. The Gorbachev-led Soviet Union is still the principal rival of the United States, and the Bush administration will continue dialogue with the Soviet Union from a position of strength and strive to maintain relations of detente with the Soviet Union. Because Bush and his security advisers are still uncertain as to whether the changes taking place in Soviet domestic and foreign policies are beneficial to the United States, the Bush administration will take a more cautious and sober attitude toward the Soviet Union than Reagan. The Bush administration will use the various channels already established to continue arms control talks with the Soviet Union and strive to reach agreements on banning chemical weapons under conditions advantageous to the United States, reducing strategic weapons by 50 percent, and cutting down both the East's and West's conventional weapons in Europe. However, recent statements made by Bush and his security adviser indicate that in disarmament the Bush administration's emphasis differs from that of Reagan. It will focus on the reduction of conventional arms, and is not in a hurry to take the initiative to reduce strategic weapons. The Bush administration will continue study of the Strategic Defense Initiative, but it certainly will not be as enthusiastic about it as Reagan was. Due to the increasing doubts about the technical reliability and effectiveness of this project, and because the new Congress may further reduce funds for this project, this project will be gradually scaled down in the future. However, the Bush administration will not relax its efforts on the project of modernizing nuclear weapons. The United States and the Soviet Union have a common need to further increase bilateral contacts in the next few years. Pressed by U.S. enterprises and spurred by competition from West European countries, the Bush administration may be more active in developing economic relations with the Soviet Union, while strictly holding the line in technical transfers and credits and loans. The United States is now in a relatively more favorable position compared to the Soviet Union. In developing U.S.-Soviet relations, the Bush administration will seize every opportunity to pressure the Soviet Union to make maximum concessions on human rights, immigration, and policy toward East Europe.

The Bush administration will attach importance to West Europe. Bush has explicitly noted that "NATO will continue to play a key role in U.S. foreign policy." He had hoped to hold a NATO summit as soon as possible after he took office. Now and for some time to come, the major problems in the relations between the United States and the West European countries are: Some West Europeans tend to be more independent in their contacts with the Soviet Union, and acute contradictions exist between the United States and West Europe regarding

trade policies and the sharing of defense spending. The Bush administration will do its best to maintain the U.S. leading position in the Western alliance, and to uphold Western unity in dealing with the Soviet Union. However, this can be achieved only by promoting consultations within the alliance and coordinating their efforts in dealing with the Soviet Union while conforming to the demands of the alliance. The Bush administration will urge its West European allies to take up a "fair" share of the defense burden in Europe, because this is the general and loud call from within the United States. However, to keep the relationship among its allies, and maintain the U.S. influence on West European alliance, it will not likely pull out large numbers of U.S. troops from Europe while Bush is in office, unless NATO reaches an agreement with the Warsaw Pact on this matter. To cope with the threat presented by the establishment of a large and unified market in West Europe in 1992, the Bush administration will do its best to increase its international competitiveness, while actively organizing the economic sphere of influence under its control to counter it. Meanwhile it will take advantage of its military and political superiority to pressure its West European allies into making more concessions in economic relations. In a word, the Bush administration will strive to safeguard U.S. solidarity with the West European allies in order to jointly cope with the Soviet Union. However, since East-West relations continue to relax, and since the United States and Europe are each going after their own interests, the basis of the U.S.-European alliance will further weaken, and disharmony and frictions between the United States and Europe will continue to develop.

In the next 4 years, Japan will continue to be an important ally of the United States. The Bush administration will continue to attach importance to Japan's role. However, U.S.-Japan economic contradictions will become more acute. The Bush administration is worried about Japan's development as it becomes more powerful. It still wants Japan to assume part of the defense burden, but in order to prevent Japan from becoming a military power that threatens U.S. security, it will oppose Japanese efforts to develop massive armaments and will urge Japan to use its surplus funds to assist Third World countries. In trade relations, the Bush administration will demand that Japan further expand its domestic demand, open up its market, and reduce exports to the United States. Meanwhile, it will try to incorporate Japan into the U.S. strategic scheme by promoting extensive economic cooperation with Japan. Bush has already made it clear that he intends Japan and the United States to play a leading role respectively in "assisting developing countries" and in the "military field." It is quite possible for U.S.-Japan relations to be "cooperative" and full of friction and struggle during Bush's term of office.

As East-West relations become more relaxed, the United States will devote more attention to the Third World. The Bush administration will stick with the "Reagan doctrine" and continue to support "freedom fighters" in

hot-spot regions where political settlement has yet to be reached in order to further purge Soviet influence. Meanwhile, it will vigorously promote political "democratization" and economic "liberalization" in the Third World in order to expand U.S. influence. Generally speaking, the Bush administration will avoid or reduce military intervention in the Third World. The question of whether to continue support for the Nicaraguan antigovernment forces will be an "issue of major consideration" for the Bush administration. Since the Reagan administration's policy to overthrow the present Nicaraguan regime by providing assistance to the Nicaraguan antigovernment forces has failed, and the new Congress will continue to oppose military aid to the Nicaraguan antigovernment forces, the Bush administration may be forced to alter the practice of the Reagan administration and focus on settling the question through negotiations or back-stage diplomacy. The Bush administration will provide economic assistance to the poorest areas and countries in order to "stabilize" the situation there. As regards the debts of Third World countries, the Bush administration will apparently uphold Baker's plan, the main idea of which is to have private banks provide new loans of \$20 billion to 15 deeply indebted countries in 3 years' time. But it may also tend toward encouraging debtor countries to reduce their debts by turning liabilities into capital. The Bush administration will adopt a tough policy in dealing with "international terrorism" as well as drug trafficking and smuggling. It may cooperate and "coordinate its actions" with the Soviet Union and Western Europe and make common efforts to prevent the proliferation of nuclear weapons, guided missiles, and chemical weapons to the Third World countries.

U.S. policy toward China was not a controversial issue in the latest general election. This shows that the two parties in the United States do not have marked differences on this issue, and that developing Sino-U.S. relations is a common policy of the two parties. The Bush administration will continue to implement this policy and promote Sino-U.S. relations, which have made steady progress in the past 10 years. A steady Sino-U.S. relationship conforms to the interests of the people of the two countries. It is favorable to the world in general, and to peace and stability in the Asia-Pacific region in particular. As U.S.-Soviet relations become more relaxed, and Sino-Soviet relations are normalized, the strategic factors that existed in Sino-U.S. relations in the seventies will gradually decrease. However, since the Soviet Union will still be considered a "major rival" of the United States for some time to come, it will be favorable to the United States to maintain a good Sino-U.S. relationship, and even to have China remain completely neutral between the United States and the Soviet Union. Moreover, the United States will attach greater importance to China's role as the Asia-Pacific region plays an increasingly important part in world strategy, as the United States increases its interests in this region, and as China becomes more powerful. However, due to changes in the international situation and the progress of construction in China, economic factors

in Sino-U.S. relations will become more prominent. The United States is interested in China, a "market with tremendous potential," and China needs the advanced technology and funds of the United States. Therefore, Sino-U.S. economic relations will become a more important aspect of Sino-U.S. relations. It should be pointed out that development of Sino-U.S. relations will also result in increasing differences and contradictions between the two countries. However, since a "good and close U.S.-China relationship" conforms to the interests of the two countries and is favorable to world peace, differences and contradictions will be controlled and prevented from seriously harming the development of Sino-U.S. relations. The Taiwan question is a fundamental issue that hampers Sino-U.S. relations. This question can be handled only in accordance with the principles and guidelines of the three Sino-U.S. joint communiques, and any act that violates the principles of these three communiques will do harm to Sino-U.S. relations. Bush was director of the U.S. Liaison Office in China and has visited China several times. He is well aware of the importance of Sino-U.S. relations, and has contributed to the development of these relations. It is reasonable to expect new progress in Sino-U.S. relations during Bush's term of office.

Soviet Union

Round of Bilateral Border Talks Concludes

OW1303155589 Beijing XINHUA in English
1523 GMT 13 Mar 89

[Text] Moscow, March 13 (XINHUA)—China and the Soviet Union ended a round of border talks here Monday, which discussed the boundary line alignment in the western part of the common border between the two countries.

The talks, which began on February 20, will be continued in Beijing at the end of March.

Soviet Deputy Foreign Minister Igor Rogachev, who is also head of the Soviet Government delegation to the border talks, met with members of the Chinese negotiation team here Monday.

Soviets To Extend Low Interest Loans

HK1403020689 Beijing CHINA DAILY in English
14 Mar 89 p 2

[By staff reporter Xie Songxin]

[Text] The Soviet Union is to provide China 200 million Swiss francs (\$125.7 million) in a low interest government loan.

Details of the loan agreement were discussed during a 10-day visit to China by Serafim Vasilyevich Kolpakov, Soviet Minister of the Ferrous Metals Industry.

The Soviet minister, who visited iron and steel complexes in Beijing, Baotou and Anshan, returned home on Sunday.

The loan agreement is expected to be signed soon. It will be the first Soviet credit to China since the deterioration of Sino-Soviet relations in the late 1950s.

Chang Lunkai, director of the Foreign Affairs Department of the Ministry of Metallurgical Industry, told CHINA DAILY yesterday that funds from the loan will be used to modernize the Baotou Iron and Steel Works in Inner Mongolia Autonomous Region.

Soviet technology and equipment will be purchased to improve steel-making procedure and production techniques of seamless steel tubes and railway tracks.

Steel output of the Baotou works should be increased by 10 percent after the renovation.

China imported Soviet technology, complete steel plants, designs and management to establish its iron and steel industry in the 1950s.

China's major steel producers, including those at Anshan, Baotou, Wuhan and Taiyuan, came into being during that period.

These plants, now operating outdated equipment, are seeking help from foreign countries. The Soviets have expressed their desire to cooperate with Chinese iron and steel industry, Chang said.

During his visit, the Soviet minister signed an agreement to set up a Sino-Soviet joint working group of metallurgical industry with Qi Yuanjing, Chinese Minister of the Metallurgical Industry.

The group will help strengthen co-operation of the two countries' iron and steel industry and work out possibilities of co-operative production between the two countries.

Chang said that the Soviets are interested in China's technical updating in agglomeration, furnaces and steel-smelting.

They also expressed their desire to import Chinese workers and asked China to build a refractory in the Soviet Union.

Soviet Trade Delegation Visits Shanghai

OW1403071989 Shanghai City Service in Mandarin
2300 GMT 6 Mar 89

[Text] Shanghai has started well in its barter trade with localities in the Soviet Union. Shanghai's foreign trade fair has attracted a Soviet delegation for the first time. Both sides are scheduled to sign an agreement on barter trade on 7 March.

During his meeting with the Soviet guests on 6 March, Vice Mayor Gu Chuanxun said: Both sides may develop cooperation in various forms on the basis of mutual benefit.

The Soviet trade delegation visiting Shanghai comprises delegates from three units. They made calls and had business discussions in the past few days and highly praised Shanghai's variegated and colorful products. The delegates of the Soviet Eastern Trading Company have brought with them orders and are conducting business negotiations for order placements at present. The trade delegation of Novosibirsk had business discussions with the [words indistinct] on [words indistinct] commodities. They also showed a keen interest in electrical home appliances [words indistinct].

So far, the Shanghai Municipal Foreign Trade Company has signed contracts with the Soviet delegation on [words indistinct] of chemical fertilizers and has organized a number of Shanghai-made commodities of light industry, textile industry, and building materials for barter trade.

Northeast Asia

Japan To Help Finance Hotel Construction

HK1403021889 Beijing CHINA DAILY in English
14 Mar 89 p 2

[By staff reporter]

[Text] An agreement for a \$72.75 million loan for the Beijing New Century Hotel Company Ltd will be signed today in Beijing by the four Chinese and Japanese investors and a 10-bank financial group.

The investors are the Beijing Xiyuan Hotel, the Beijing Trust and Consultant Company under the Bank of China. All Nippon Airways (ANA) and C Itoh and Company Ltd.

The 936-room hotel, with an investment of \$92 million, is expected to be in full operation in early 1991.

As ANA has the second largest share in the joint venture, it is hoped that the hotel will set up the biggest Japanese style restaurant in Beijing. About 40 percent of its guests are expected to be Japanese travellers.

ANA, Japan's biggest airline company, sends about 45,000 passengers to Beijing each year, about 50 percent of whom are Japanese.

Southeast Asia & Pacific

Sihanouk To Lead New Council for Defense
HK1403094289 Hong Kong AFP in English
0937 GMT 14 Mar 89

[Text] Beijing, March 14 (AFP)—Cambodian resistance leaders meeting here have decided to form a Superior Council for National Defense led by Prince Norodom Sihanouk to coordinate the activities of their three armies, the former Cambodian monarch said Tuesday.

The 21,000 Sihanoukist guerrillas, 40,000 Khmer Rouge fighters and those of nationalist Son Sann estimated at less than 10,000 "are now all under my command," the prince said at a press conference accompanied by Khmer Rouge leader Khieu Samphan and Mr Son Sann.

However, the Cambodian resistance chief said, each army would retain "some autonomy."

In the event a political settlement to the Cambodian problem is reached, he said, the joint forces would be reduced to 10,000 troops to represent a unified national Cambodian armed force.

Prince Sihanouk also said representatives of the three Cambodian resistance factions are to meet in Paris sometime next month with officials of the pro-Vietnamese Phnom Penh Government. No date has been set for the meeting.

Vietnamese forces have occupied Cambodia since Hanoi invaded the country in December 1978 to oust the Khmer Rouge regime, installing a client government in Phnom Penh in January 1979.

The prince stressed the international dimension of the Cambodian conflict and called on the United States to provide military aid to the resistance.

The United States has supplied non-lethal aid to the two non-communist Cambodian resistance factions in the past and Prince Sihanouk's son, Prince Norodom Ranariddh, is currently in Washington lobbying for military aid.

Prince Sihanouk also announced that he would meet Thursday with Thai Premier Chatchai Chunhawan, who is due to begin an official visit to China on Tuesday.

Thai Prime Minister Views Bilateral Relations
OW1303164789 Beijing XINHUA in English
1627 GMT 13 Mar 89

[“Thai Prime Minister on Sino-Thai Relations (by Ma Shengrong)”—XINHUA headline]

[Text] Bangkok, March 13 (XINHUA)—Thai Prime Minister Chatchai Chunhawan predicted here Monday that political and economic relations between Thailand and China "will continue whether the Kampuchean issue is resolved or not."

The prime minister made the remarks in an interview with Chinese resident reporters here, prior to his visit to China. He will leave here for Beijing Tuesday.

Chatchai said: "Cooperation on the Kampuchean issue might have been the catalyst for close political and diplomatic ties between China and Thailand, but one must remember that Sino-Thai relations long predicated the Kampuchean issue and therefore cooperation on this issue developed from a firm historical base. Because of this, cooperation will continue whether the Kampuchean issue is resolved or not."

More specifically, the prime minister said: "I believe that close political consultations between us on matters of mutual interest will continue. I also believe that China will play a role in bringing about a balance of interests and a balance of presence among great powers in Southeast Asia, which will help ASEAN achieve its long-term goal of making the region a zone of peace, freedom and neutrality."

The prospects for a solution to the Kampuchean issue are very good, he said, adding that "the Soviet Union and China have played very constructive roles in helping to improve the prospects of peace."

Chatchai said that he is very much confident that "the forthcoming Sino-Soviet summit will exceed all expectations in bringing about normalization between the two countries and helping to find a just and durable settlement of the Kampuchean conflict."

Thai prime minister pointed out, however, that "a great deal remains to be done, especially in making Vietnam provide a firm timetable for military withdrawal, in synchronizing it with a scale-down and cut-off of supplies to the Khmer resistance, and in persuading all the Khmer factions to go on having dialogues with one another."

On economic cooperation between the two countries, he expressed the belief that "economic cooperation between our two countries in trade and investment will increase greatly over the next few years, which will bring benefits to both parties."

Meanwhile, he stated that such cooperation "should also be developed in multilateral framework, because most of the issue areas we have to cope with are multilateral in nature."

The prime minister stressed that "all bilateral relations must adjust to prevailing realities. One of the most significant developments taking place in the world today is that most nations are increasingly turning their attention to the task of improving the standard of living of their peoples, that economics is receiving more and more priority."

Thus, he said that "it is inevitable that economics will dominate relations among states, including the relations between China and Thailand."

Thailand To Set Up Enterprise in Guangdong
OW1403012389 Beijing XINHUA in English
0912 GMT 10 Mar 89

[Text] Guangzhou, March 10 (XINHUA)—The Chia Tai Co, Ltd of Thailand will invest 800 million U.S. dollars to set up a large petrochemical enterprise in the Shantou Special Economic Zone, making it the largest foreign-funded enterprise in the zone, a Guangdong Province official disclosed today.

With advanced technology from abroad, the enterprise will produce annually 250,000 tons of ethylene, 480,000 tons of synthetic resin, 180,000 tons of organic chemical materials, and other chemical products.

The corporation has already established more than 10 enterprises producing different items in several of China's major cities, including Beijing, Shanghai, and Guangzhou since China opened its doors to the outside world.

General Chi Haotian Awarded Order of Thai Crown
OW1303230689 Beijing XINHUA in English
1547 GMT 13 Mar 89

[Text] Bangkok, March 13 (XINHUA)—General Chi Haotian, chief of general staff of the Chinese People's Liberation Army, was awarded the Most Noble Order of the Crown of Thailand the First Class - Knight Grand Cross at a ceremony held here this afternoon at the Supreme Headquarters of the Thai Armed Forces.

Under the order of the King of Thailand, Chi Haotian was awarded the order in commendation of his contribution to the mutual understanding and friendship between the peoples and armies of Thailand and China.

The ceremony was presided by Chawalit Yongchayut, acting supreme commander of the Thai Armed Forces and concurrently commander-in-chief of the Thai Army.

Before the ceremony began, Chawalit met Chi and had a cordial and friendly conversation with him.

Chi Haotian arrived here this morning after his visits to Pakistan and Bangladesh. He leaves for home on Thursday, March 16.

Near East & South Asia

Tian Jiyun Meets Iraqi Deputy Premier
OW1403024589 Beijing XINHUA in English
0136 GMT 14 Mar 89

[Text] Baghdad, March 13 (XINHUA)—Taha Yasin Ramadan, member of Iraq's Revolutionary Command Council and first deputy premier, said today he hoped China will play an active role in Iraq's postwar reconstruction.

During his meeting here with visiting Chinese Vice-Premier Tian Jiyun, Ramadan also said Iraq is currently making up large-scale development programs despite temporary difficulties left by eight years of war with Iran.

Ramadan praised achievements gained during the past few years in the cooperation between Iraq and China and hoped that such cooperation will further develop.

He also reviewed with Tian the process of the Iraq-Iran peace talks, stressing that Iraq insists on solving the Iraq-Iran conflict on the basis of UN Security Council Resolution 598.

Iraq and Iran started peace negotiations last August 25, five days after a UN-brokered ceasefire. Ramadan hoped that China, as one of the five permanent members of the UN Security Council, will continue playing an active role in promoting a settlement in the Iraq-Iran conflict.

Tian reiterated China's persistent positive stand towards ending the conflict.

"We feel, through our visit to the two countries, that both sides are not willing to continue the war. Rather, they are willing to end the war, heal wounds, re-construct their countries, and to cooperate with the UN secretary general to iron out differences through peace talks," Tian said.

He said that the Chinese Government will make efforts for the realization of peace in the Gulf region.

Tian arrived here Saturday evening for a four-day visit to Iraq. He is the most senior official ever visiting Iraq since the two countries established diplomatic relations in 1958.

The Chinese vice-premier is currently on a tour of five Middle East countries, which has already brought him to Iran and Turkey. He is also scheduled to visit Kuwait and the United Arab Emirates.

Chinese Youth Delegation Ends Visit to Nepal
OW1303230889 Beijing XINHUA in English
1545 GMT 13 Mar 89

[Text] Katmandu, March 13 (XINHUA)—A three-member Chinese youth delegation left here today for the Philippines via Pakistan after a week-long visit to this Himalayan country.

"I am deeply impressed by the rapid development of Nepal," Li Yuanchao, head of the delegation and vice president of the All-China Youth Federation, told XINHUA.

"Nepal develops its economy by exploiting its own resources. Tourism serves an example. This is a feasible policy."

He noted that Nepalese youth have a strong consciousness in starting undertakings and many of them take several jobs simultaneously.

"They spend less money in furniture but invest it in re-production," he said.

Nepalese people, including youth, are friendly to China. He hoped to strengthen relations between the people of the two countries.

"The youth organizations can work as a bridge for promoting the cooperation," he concluded.

Sub-Saharan Africa

Mauritian Deputy Prime Minister Visits Beijing

Meets Li Peng
*OW1303115989 Beijing XINHUA in English
1032 GMT 13 Mar 89*

[Text] Beijing, March 13 (XINHUA)—Chinese Premier Li Peng met with Seetanah Lutchmeenaraidoo, deputy prime minister and minister of Finance of Mauritius, and his party here today.

Li briefed the visitors on China's current economic situation and its policy of agricultural development and family planning.

Lutchmeenaraidoo said that he was impressed by China's efforts to control inflation.

At the meeting, the two sides expressed their satisfaction over the development of cooperation and friendly relations between China and Mauritius and hoped for a further progress of the relations.

Speaking of the African situation, Lutchmeenaraidoo spoke highly of China's position on the issues of making the Indian Ocean as a peaceful region, supporting Namibia's independence and opposing South Africa's apartheid policy.

Li said China is very glad to see that parties concerned have reached an agreement on the Namibia problem and hopes the international community will urge South Africa to completely change its apartheid policy.

Meets Wang Bingqian
*OW1303120389 Beijing XINHUA in English
0730 GMT 13 Mar 89*

[Text] Beijing, March 13 (XINHUA)—Wang Bingqian, Chinese State Councillor and Minister of Finance, met with Seetanah Lutchmeenaraidoo, deputy prime minister and minister of finance of Mauritius, and his party here today at the Great Hall of the People.

Wang briefed the visitors on China's economic development and financial situation.

Lutchmeenaraidoo and his party arrived in Beijing yesterday as guests of Wang Bingqian. He will exchange views with Chinese departments concerned on economic cooperation and joint venture projects between the two countries.

'News Analysis' Views South African Presidency
*OW1203133689 Beijing XINHUA in English
1641 GMT 8 Mar 89*

[“News Analysis: Power Struggle Escalates in South Africa; by Chen Hegao”—XINHUA headline]

[Text] Nairobi, March 8 (XINHUA)—The new leader of South Africa's ruling National Party, F.W. de Klerk wants to hold an "emergency meeting" with President Pieter Botha within the week to decide who is to govern the country.

President Botha, 73, resigned his post as leader of the National Party six weeks ago after a mild stroke, although he continues in his capacity as president.

De Klerk remains the minister of national education as well as the new leader of the party, while Minister of Constitutional Development and Planning Chris Heunis has taken over as acting president while Botha recovers.

However, according to custom, the leader of the National Party is also the president of the government. Many members in the ruling party think that Botha should resign from the presidency as early as possible so that De Klerk can succeed him.

A recent poll of whites shows that 47 percent favour Botha's step-down, 33 percent agree that he should remain in his post and 20 percent were undecided.

But Botha, braving the pressure on him, told reporters last weekend that he would keep his post until September when his tenure expires, and said "it is too early to speculate whether he will win the next term of presidency. [no end quote as received]

His intention to stay on the post of presidency has provoked a strong reaction within the ruling party.

Even former Minister of Transport Hendrik Schoeman, one of Botha's most loyal supporters, openly demanded Botha's resignation.

There is some feeling within the ruling party that Botha's resignation as president would free South Africa from its isolated position in the world and alleviate the tense situation in the country.

In recent years, Botha's regime pursues apartheid policy within the country, and maintained aggressive policies to neighbouring nations. The international community has responded by ordering sanctions against the regime, while blacks in South Africa have intensified their struggle against apartheid, staging strikes in every corner of the country.

"VRYE WEEKBLAD", a South African weekly magazine, recently pointed out that there is a political motive behind Botha's reluctance to resign. Botha, it added, prefers Chris Henuis to De Klerk as his successor, and the longer Botha keeps his chair as president, the easier it will be for Chris Henuis to succeed him.

Analysts here say that that is intolerable to De Klerk. During the past several weeks, De Klerk declared that as leader of the ruling party he will revive the "reform program" which Botha initiated in the 70s and broke away from in recent years. This move by De Klerk is widely seen as a preparation for his seizing the post of presidency.

Whatever comes out of the "emergency meeting," it is unlikely that the Pretoria regime can ever break out of its isolated position in the world or relax the deteriorating internal situation until it ends the apartheid system.

West Europe

Tian Jiyun Continues Official Visit to Turkey

Meets President Evren

*OW1003073689 Beijing XINHUA in English
0125 GMT 10 Mar 89*

[Text] Istanbul, March 9 (XINHUA)—Turkish President Kenan Evren today called for advancing relations between his country and China to such a level as desired by both countries.

He expressed the hope when meeting Chinese Vice-Premier Tian Jiyun in the Cankaya Presidential Palace. Tian arrived in Ankara Tuesday from Iran as head of a 17-member delegation.

The president reviewed the development of the Turkish-Chinese relations since his 1982 China tour and the 1984 return visit by Li Xiannian, former Chinese president.

Such relations are yet to be advanced to such a level as desired by both countries, he said. Both countries have great economic potential and we certainly can elevate our economic and trade relations to a still higher plane, he added.

Tian spoke highly of the president's China tour in 1982, saying that it opened a new page in the history of the friendly relations between the two countries and laid a solid foundation for the development of such relations.

China attaches great importance to its relations with Turkey, he said, adding that both countries are working hard to probe new ways of expanding their economic cooperation.

Prior to his meeting with the president, the Chinese vice-premier had met with Turkish State Minister Yusuf Ozal and Foreign Minister Mesut Yilmaz separately.

Expects 'Higher Level' Cooperation

*OW1203020789 Beijing XINHUA in English
0121 GMT 12 Mar 89*

[Text] "Visit to Turkey Successful, Says Chinese Vice-Premier" (by Li Xiande)—XINHUA headline]

[Text] Istanbul, March 11 (XINHUA)—Chinese Vice-Premier Tian Jiyun said here today that his five-day visit to Turkey has gained full success.

In an interview later this evening with XINHUA before his departure for Baghdad, Tian said he expects a higher level of friendly cooperation between China and Turkey.

He said both countries have expressed the desire to further develop bilateral cooperation and suggested proposals in this respect. "There are great potentialities for further developing the complementary economic cooperation between our two countries," Tian said.

During his visit, Tian met and held talks with President Kenan Evren, Prime Minister Turgut Ozal and other senior Turkish officials on ways to promote bilateral trade and economic ties.

This is the Chinese vice premier's second visit to Turkey in five years.

Trade volume between the two countries has increased rapidly, from a little over 20 million U.S. dollars four years ago to nearly 300 million dollars in 1988.

The Chinese vice-premier and his 17-member delegation are currently on a five-nation Mideast tour which includes Iran, Turkey, Iraq, Kuwait and the United Arab Emirates.

He told XINHUA that his visit to these five nations are both aimed at strengthening friendly bilateral relations and exploring ways to develop trade and economic cooperation.

"We hope to develop these relations on an equal and mutually beneficial basis," Tian said.

"I want to point out that both China and the five countries have the desire to further develop our friendly cooperative relations, and I think this will guarantee the success of my current visit," he added.

Sino-UK Liaison Group To Decide on SRV Refugees
HK1403093389 Hong Kong HONGKONG STANDARD
in English 14 Mar 89 p 1

[By Yau Shing-mu in Beijing]

[Text] China would not be offended if Britain refused to discuss Hong Kong's Vietnamese refugee problem at the Sino-British Joint Liaison Group [JLG] meeting which opens in Beijing today, a senior Chinese official said yesterday.

The Chinese side is known to be keen to raise the issue at this round of the JLG, but is leaving its inclusion on the agenda to the British side, China's senior representative said.

"If they are willing to talk, then we will talk. If they don't feel the need, we won't have a discussion," ambassador Ke Zaishuo told reporters while waiting at Beijing airport for the arrival of the British team from Hong Kong.

Mr Ke said much would depend on the progress of the meeting.

"It's difficult to predict because each side is well acquainted with the position of the other side on the matter. Therefore, it matters very little whether the JLG discusses it," he said.

China has made it very clear in recent months that discussion of the refugee problem at the JLG would be "symbolic."

It would mean formal recognition of the significance of the Vietnamese refugee problem and its importance to the smooth run-up to the transition of Hong Kong to Chinese sovereignty in 1997 and beyond.

China had earlier urged Britain to solve the Vietnamese refugee problem before 1997 so it would not be a burden on the government of the future Special Administrative Region.

Both Mr Ke and the senior British representative, Mr Robin McLaren, said they would be discussing many old topics, but refused to be specific.

They agreed some new topics would also be discussed, but kept these secret.

Despite their reluctance to discuss the agenda, it has been learnt that the fate of HMS Tamar, the British naval headquarters in Hong Kong will be discussed.

The British side is keen to get clearance from China to turn the entire site into prime property for commercial purposes.

Mr Ke said the recent visit of vice-foreign minister Mr Zhou Nan to Hong Kong had paved the way for the matter to be discussed at the JLG meeting.

"Both sides have reached common understandings on many areas. It (the visit) accomplished some preparatory work for us," Mr Ke said.

Mr McLaren refused to commit himself to anything beyond anticipating that the meeting would be "very fruitful and useful".

Asking if he would be replaced on the JLG, he said: "I can't tell you that. It'd be really pushing my luck to know whether this will be my last time."

Earlier press reports said Mr Anthony Galsworthy, former head of the Foreign and Commonwealth's Office's Hong Kong Office, would replace Mr McLaren as head of the British contingent on the JLG.

Familiar problems expected to be raised again at this meeting include the establishment of the court of final appeal before 1997.

Vice Foreign Minister's Hong Kong Agenda Viewed
HK1403095989 Hong Kong SOUTH CHINA
MORNING POST in English 14 Mar 89 p 3

[From Chris Yeung in Beijing]

[Text] The Chinese Vice-Foreign Minister, Zhou Nan, has arranged to discuss Hong Kong and other matters with British officials during a visit to London at the end of this month.

Sources said Mr Zhou is likely to meet top British officials in charge of Hong Kong affairs during his trip, including Lord Glenarthur, Minister of State with special responsibility for Hong Kong, and Mr Robin McLaren, who is an Assistant Under-Secretary of State in charge of Asian affairs.

It will be Mr Zhou's first official visit to Britain since he headed the Chinese negotiation team on the 1997 talks and later sealed the Sino-British Joint Declaration with his counterpart, Sir Richard Evans, in 1984.

It is not known whether the visit is connected with the Foreign Affairs Select Committee which is probing British handling of the Sino-British Joint Declaration.

Considered as the most senior Vice-Minister under the Foreign Ministry headed by Mr Qian Qichen, Mr Zhou is mainly in charge of West European affairs.

Sources said he would also visit another three West European countries, including Luxembourg, during the trip.

On arrival at Beijing airport yesterday for the Sino-British Joint Liaison Group session that begins today, British team leader Mr McLaren said he was glad they would have the opportunity to see Mr Zhou in London before too long.

The forthcoming meeting between Mr Zhou and British officials follows a lengthy session between the Governor, Sir David Wilson, and Mr Zhou on Hong Kong issues during his first official visit to the territory a fortnight ago.

Both sides touched upon the Vietnamese refugee issue, formation of the first Special Administrative Region Government and the Basic Law draft.

Sir David is scheduled to appear on March 22 before the House of Commons Foreign Affairs Select Committee but is expected to leave Britain before Mr Zhou arrives.

Chinese sources said although the forthcoming meetings between Mr Zhou and London officials would touch upon broad issues surrounding Sino-British ties, Hong Kong issues would figure high on the agenda.

Among other things, Mr Zhou is expected to give a report on the progress of drafting the Basic Law and the current consultation exercise.

Foreign Loan Agreement for Jiangsu Plant Signed
*OW1003121089 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 3 Mar 89*

[Text] The agreement to extend \$80 million by a banking consortium for the construction of the Huafei Color Display System Company Limited was signed in Hong Kong today.

This loan by a banking consortium was raised by the Nanjing Branch of the Bank of China, as the leading bank and the agency, together with 13 foreign banks, including the famous Kogyo Bank and Mitsubishi Bank of Japan, the National Westminster Bank of Great Britain, the Chartered Bank of Hong Kong, and others.

The Huafei Color Display System Company Limited is built in Nanjing with joint investment by the Huadong Electronic Tube Plant, the Philips Company of the Netherlands, and the Yingxing Technical Development Corporation of Hong Kong. It is by far the largest joint venture in Jiangsu Province.

NPC Vice Chairman Meets Swedish Visitors
*OW1103165489 Beijing XINHUA in English
1104 GMT 11 Mar 89*

[Text] Beijing, March 11 (XINHUA)—Fei Xiaotong, vice chairman of China's National People's Congress (NPC) Standing Committee, met here this afternoon a Swedish delegation led by Lennart Sandgren, governor of Stockholm Province.

The Swedish visitors, including executives of major Swedish companies, arrived here last Wednesday to explore possibilities of expanding economic and technological cooperation with China. They are scheduled to visit Shanghai, Hangzhou, Xian and Guangzhou later on.

Yesterday afternoon, the Supreme People's Court President Ren Jianxin met Sandgren and his party.

East Europe

Cooperation Agreement Signed With Hungary
*OW1203104789 Beijing XINHUA in English
1623 GMT 10 Mar 89*

[Text] Beijing, March 10 (XINHUA)—The All-China Federation of Industry and Commerce, a nongovernmental organization, signed a cooperation agreement with the Hungarian Chamber of Commerce here today.

Rong Yiren, chairman of the Federation, and Andras Gabor, head of Hungarian Chamber of Commerce, signed the agreement.

According to the agreement, both sides will cooperate in various fields, including establishing direct contacts, maintaining closer links with member companies and organizations of both sides, promoting commodity exchanges, holding exhibitions and commodity fairs in each other's country and establishing direct trade links.

The term of the agreement is five years.

Fujian Governor Meets Polish Delegation
*OW1203142689 Fuzhou FUJIAN RIBAO in Chinese
25 Feb 89 p 1*

[By reporter Wu Wencheng]

[Text] A 10-member Polish Government delegation led by Zbigniew Grabowski, chief of the Office for Scientific and Technological Progress and Implementation, arrived in Fujian for a 3-day visit after attending the opening ceremony of the Polish Science and Technology Day in Beijing. Governor Wang Zhaoguo met with the delegation and hosted a banquet in its honor at Fuzhou's Xihu Hotel last night.

Wang Zhaoguo exchanged experience of reform and opening with the guests. He also discussed with them the possibility of cooperation and exchange in the scientific-technological, educational, and cultural fields, including the exchange of students and the sharing of scientific-technological achievements. He also answered questions raised by the guests concerning economic structural reform.

Responsible persons of provincial departments concerned were present at the meeting.

Vice Governor Chen Mingyi welcomed the guests when they arrived at Fuzhou Airport. The vice governor and the guests briefed each other in the afternoon on their economic and scientific-technological development and reform.

Polish Medal Awarded to Journalist Wen Youren
OW0903203489 Beijing XINHUA in English
1502 GMT 9 Mar 89

[Text] Beijing, March 9 (XINHUA)—The Polish Association of Knowledge Dissemination has awarded its prestigious Tadeusza Kotabinskiego medal to Chinese journalist Wen Youren.

The medal, named after a famous Polish philosopher, was established to honor Polish and foreign scholars who have made outstanding contributions to the spread of knowledge.

Wen is the first foreigner to receive the honor.

Chinese science writers gathered in Beijing today to congratulate Wen, who was the XINHUA NEWS AGENCY'S chief correspondent in Poland for four years.

The award-winning writer now heads XINHUA's Research Institute of Journalism.

Official Sees Headway in East European Trade
HK1303034889 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English
13 Mar 89 p 1

[By staff reporter Wang Dazi]

[Text] Beijing is making great headway in developing barter trade with East European countries, a municipal official said in an interview with BUSINESS WEEKLY last week.

The city's progress in this field is one of the first steps taken in response to the central government's decision late last year that all provinces and municipalities be

allowed to do barter trade directly with the Soviet Union and East European countries, said Li Jinghua. Li is the municipal official in charge of barter trade.

A Beijing barter trade delegation headed by Li paid a 25-day visit earlier this year to Bulgaria, Hungary and the German Democratic Republic.

During their stay in Sofia, capital of Bulgaria, both sides signed a letter of intent for the establishment of a Beijing-style restaurant in Sofia, the first of its kind to be set up by China in Bulgaria.

Li said that Beijing will be responsible for designing the restaurant and its interior decorations in Chinese style and will supply the cooking equipment and raw materials including Beijing ducks and necessary seasonings.

The municipality will also send two or three cooks to the restaurant. In exchange, the Bulgarians will provide various goods. The restaurant is scheduled to open by the end of this year, Li said.

In Hungary, the delegation exchanged protocols with its Hungarian counterpart on the establishment of direct barter trade relations between Beijing and Hungary.

Under the agreement, Beijing will offer to Hungary such products as glass, agricultural tools, hand tools, textiles and light industrial products. Hungary will supply to Beijing mechanical and electrical products including automatic instruments and metres.

The trade volume of each side will be 5 million Swiss francs (\$3.5 million).

In Berlin, each city agreed to present to the other its first catalogue of goods to be exchanged before the end of June. Berlin and Beijing expect to exchange protocols in September.

Beijing will hold a three-week light industrial and textile products exhibition in Berlin in September. An embroidery and carpet weaving show will also be held then to celebrate the 40th anniversary of the People's Republic of China.

Political & Social

State Council Spokesman Holds News Briefing

Position on Tibet Reiterated

*HK1403095489 Beijing XINHUA Hong Kong Service
in Chinese 0837 GMT 14 Mar 89*

[**"State Council Spokesman Yuan Mu Reiterates That China Opposes Any Attempt To Split Tibet From the Motherland"—XINHUA headline]**

[Text] Beijing, 14 Mar (XINHUA)—State Council spokesman Yuan Mu today reiterated that China resolutely opposes any attempt to split Tibet from the motherland.

This morning, at a press conference attended by both Chinese and foreign reporters, Yuan Mu said that Tibet is a part of China's territory, and China does not allow any domestic or foreign forces nor people at home or abroad to engage in separatist activities in Tibet. "The entire Chinese people, including the Tibetan people, will never agree with such separatist activities."

He said that the Chinese Government's position and attitude on the Tibetan issue are well known to all people. That is, China opposes any activity to split the motherland and safeguards the country's unification and all nationalities' unity.

The spokesman then said: "The central government will continue to pursue the policies that will be conducive to economic and cultural development in Tibet, and will respect the habits, customs, and religious freedom of Tibetan compatriots."

He said: The central government will continue to mobilize and organize the strength of all parties concerned to help the people in Tibet develop their economy and culture.

When talking about the large-scale riots in Lhasa earlier this month and the consequent imposition of martial law, Yuan Mu said that the purpose of martial law is to maintain normal order in social life and in production and to protect the lives and property of the people in Tibet and the residents of Lhasa.

Yuan Mu said: The crux of the riots in Lhasa lay in the attempt of a small number of separatists to split Tibet from the motherland. China's policy does not allow such separatist activity. This conflict does not prove that the policy of the Chinese Government is incorrect.

He said: In any country, or in any part of the world, it is possible that some negative things may occur in violation of the correct policy. "This does not show whether the government policy is correct or not."

In response to a question about the prospects of a dialogue between Dalai Lama and the central government, Yuan Mu said that the central government's policy toward the Dalai Lama is constant. That is, as long as he gives up the position of claiming Tibet's independence and supports the unification of the motherland and promotes nationality unity, the channel for dialogue with the central government is always open.

Political Reform To Continue

*HK1403081289 Beijing XINHUA Hong Kong Service
in Chinese 0639 GMT 14 Mar 89*

[**"China Will Continue To Push Reform of the Political Structure Vigorously and Prudently"—XINHUA headline]**

[Text] Beijing, 14 Mar (XINHUA)—State Council spokesman Yuan Mu said here today that China will continue to advance political structural reform vigorously and prudently; will strengthen socialist democracy; and improve the socialist legal system to safeguard the stable and united political situation and to fulfill various tasks in economic improvement and rectification.

At this second press conference with the participation of both Chinese and foreign reporters in 1989, Yuan Mu announced that the structural reform of the State Council has been basically completed according to the scheme approved by the First Session of the Seventh NPC. The departments of the State Council will effect the functional changes in their actual work this year and will make efforts to enhance their efficiency.

Yuan Mu stressed that it is now necessary to strengthen administrative supervision, mass supervision, opinion supervision, and judicial supervision to ensure government incorruptibility. He said that the Ministry of Supervision and the Audit Administration had set up representative offices in more than 40 departments of the State Council and had dispatched 1,056 personnel to these offices. Governments at various local levels have also set up mass complaint centers, and are pursuing the system of making public the handling of affairs and the results of the handling and the systems of strengthening mass supervision.

He said: All mass media, including radio stations, television stations, and newspapers will be encouraged to expose discipline-violating activities and corrupt phenomena. The authorities concerned will investigate and handle the corruption and bribery cases of government officials seriously.

Yuan Mu also stressed that the authorities will continue to deal blows at various criminal offenders according to the law and maintain law and order more effectively.

Yuan Mu pointed out: The work in this respect remains far from meeting the hopes and demands of the people, so unremitting and painstaking efforts must be made.

When talking about the openness of government activities, he said that from now on, except for some special cases, the State Council spokesman will hold a press briefing or a press conference every month. He said: "This will gradually be made a regular event".

At present, nearly 40 departments of the State Council have set up press briefing systems, and they will continue to actively advance the work in this respect.

Noncommunist Posts To Increase
*OW1403110489 Beijing XINHUA in English
0907 GMT 14 Mar 89*

[**"More Government Posts for Non-Communists"**—
XINHUA headline]

[Text] Beijing, March 14 (XINHUA)—China plans to increase the number of non-communists in leading government positions, State Council spokesman Yuan Mu said here today.

But, their proportion to Communist Party members is still under discussion.

At a press conference here today, the spokesman said the increase in the number of noncommunists in government posts will be ensured by legal procedures.

Yuan Mu said China practices a system of multi-party cooperation and political consultation under the leadership of the Communist Party.

"This is one of China's characteristics and advantages, and the country will continue to bring into play this advantage," he added.

'No Political Prisoners'
*OW1403080889 Beijing XINHUA in English
0722 GMT 14 Mar 89*

[**"'No Political Prisoners in China', Spokesman Says"**—
XINHUA headline]

[Text] Beijing, March 14 (XINHUA)—The issue of releasing political prisoners is out of the question because there are no political prisoners in China, State Council spokesman Yuan Mu said here today.

China punishes criminals according to law, he said at a press conference when asked to comment on a recent open letter written by some Chinese intellectuals urging for releasing political prisoners.

He said that China has various regular channels for its citizens to convey their opinions and suggestions to the Chinese Communist Party Central Committee, the State Council, the National People's Congress, and local people's governments at different levels. "We have been always in favor of such practice," he added.

"But," the spokesman stressed, "we are not in favor of the practice of writing joint letters, spreading them and exercising pressure on the government by resorting to foreign forces."

Economic News Uncensored
*OW1403110089 Beijing XINHUA in English
0905 GMT 14 Mar 89*

[**"State Council Not Censoring Economic News Reports"**—XINHUA headline]

[Text] Beijing, March 14 (XINHUA)—The Chinese press receives only guidance from the State Council, China's highest governing body, in their economic reports and there is no control in this aspect.

Spokesman for the State Council Yuan Mu made this remark at a press conference here today when answering a question from a reporter who claimed that a recent circular from the State Council required that all press reports on the economy should first be submitted to its Policy Research Office.

The spokesman called it was a misunderstanding, adding that it was certain that the State Council knows a lot about the overall economic situation and that is why it asked the Policy Research Office to provide economic information for newspapers and journals.

"The office serves and guides the press and doesn't control it," Yuan said.

Retrenchment Success Reported
*OW1403081489 Beijing XINHUA in English
0729 GMT 14 Mar 89*

[Text] Beijing, March 14 (XINHUA)—China's industrial growth rate fell to the desired level of eight percent in the first two months of this year, according to spokesman of the State Council Yuan Mu.

Addressing a press conference here today, he described the slower growth as an initial result of China's ongoing economic retrenchment, which began in the fall last year as a bid to rein in the country's overheated economy.

By the end of February, Yuan said, construction for 18,000 fixed-asset investment projects was halted, making it possible to cut total capital investment by 64.7 billion yuan.

Institutional expenditure has been brought under control while the economic growth rate continued its downward curve, he said.

The spokesman said that the surplus savings of urban and rural residents came to 401.92 billion yuan at the end of February, 21.77 billion yuan more than at the beginning of this year and 1.1 billion yuan more than in the same period last year.

By the end of January, he said, 17,092 unqualified companies were abolished or merged. The malpractice of party and government bodies involved in running business activities has been basically resolved.

Structural problems in economic development, however, still remain and some have even got worse, the spokesman added.

These results are just initial ones, Yuan Mu noted, and further retrenchment will not only be hard to achieve but will bring about new problems and difficulties.

"Nevertheless we are determined to carry out the retrenchment to its very end, and there should not and cannot be any swerving halfway through," the spokesman said.

This effort, however, is being made in the overall context of the policy of reform and opening up to the outside world, Yuan said. All measures of enterprise reform have continued after the implementation of the economic retrenchment, improving enterprise performance and pushing China's industrial productivity last year 9.3 percent higher than in 1987.

In the meantime, China has also furthered its structural reforms in planning, investment, material supply, finance and foreign trade, the spokesman said.

He revealed that China's total imports and exports last year grew by 24.4 percent, exceeding the mark of 100 billion U.S. dollars-worth. The year's actual utilization of foreign capital went up 16.4 percent to reach 9.84 billion U.S. dollars, while 5,896 new foreign investment enterprises were approved, a record figure for the past decade.

Further Reportage on Martial Law, Riot Aftermath

Martial Law To Continue HK1403033489 Hong Kong MING PAO in Chinese 14 Mar 89 p 2

[“Special dispatch” from Beijing: “Beijing Is Not Ready To Lift Martial Law in Lhasa”]

[Text] An authoritative person in Beijing disclosed that at present the PRC Government does not plan to lift martial law in Lhasa. The date for lifting martial law will be determined by how Tibet's situation goes and the response of the Tibetan people. This authoritative person said yesterday that the PRC Government did not fix the length of enforcement when martial law in Lhasa was proclaimed. However, as the government wishes to have a relatively long period of stability in Lhasa by enforcing martial law, the period of enforcement will continue for a longer period of time. Therefore, it is impossible for the government to lift the martial law at the end of the “49 days of mourning” for the Panchen Lama this weekend.

It is reported that the situation in Lhasa was calm yesterday. Soldiers and policemen who were on duty continued to search for those having participated in the 3-day bloody riot, but the number of people arrested was not known.

In addition, the official BEIJING REVIEW said yesterday that the PRC Government is still willing to talk with the Dalai Lama in Beijing, Hong Kong, or any place in the world where there are PRC diplomatic organizations.

Commentary Condemns Riots HK1403023489 Lhasa Tibet Regional Service in Mandarin 0100 GMT 14 Mar 89

[Station commentary: “Riots Adversely Affect the Common Interests of the People of All Nationalities”]

[Text] A few separatists have repeatedly started riots in Lhasa in an attempt to split the motherland. These riots have produced a damaging effect on the common interests of the people of all nationalities.

Actuated by the evil motives to sabotage the unity of the motherland and nationality solidarity, separatists in the country and those abroad [nei wai fen lie zhu yi fen zi] [words indistinct] often flaunt the banner of nationality and religion when starting riots. They are very deceptive indeed. We must stand firm, keep our eyes open, and try our best to tell what is right from what is wrong. It is necessary not to confine ourselves to phenomena, but to closely examine the substance of things, and to tell their true colors from their evil deeds.

The buildings destroyed and damaged during the riots are a common scene in the region. The cars torched and public facilities burned down by the separatists during the riots are the common property of the people of all nationalities in the region. The public security and armed police fighters and people killed and injured by the separatists are our kinsmen. The schools destroyed by the separatists are the gardens where the children of the people of all nationalities receive education and grow up. In addition, the separatists have looted and burned many shops and commodities. It is the people who are suffering from the losses.

The separatists set fire to (Jin Shan), destroying the flagpole there and breaking the [words indistinct]. Normal religious activities are therefore affected.

These facts tell us a truth: The separatists have disturbed the peaceful and happy existence of the people of all nationalities in Lhasa.

The contradictions between ourselves on the one hand and the separatists on the other are contradictions between ourselves and the enemy. Our struggle against them is a serious political struggle.

The people of all nationalities in Tibet have always upheld the unity of the motherland and nationality solidarity, and the handful of separatists have always regarded the grand solidarity of various nationalities as an eyesore as well as a thorn in the side. They have tried by every conceivable means to destroy it. We must heighten our vigilance and never let them have their way.

The most effective way of dealing with separatists is to keep the people of all nationalities and the masses of grass-roots cadres united, to rely on the motherland, which gives us strong backing, to act in accordance with the instructions of the regional party committee and the regional people's government under the leadership of the party Central Committee, to remain united, and to be dedicated heart and soul to the struggle against separatism. We should resolutely not say and do things which are detrimental to the unity of the motherland and nationality solidarity but, with a clear-cut stand and perfect assurance, should frequently say and do those things which can help us crack down on the separatists, in order to drown them in the ocean of people and to protect, with the strength provided by unity, the fundamental interests of the people of all nationalities in the region.

Hu Jintao Cited on Riots

HK1403041089 Lhasa Tibet Regional Service
in Mandarin 0100 GMT 14 Mar 89

[Text] On the evening of 12 March, Regional Party Committee Secretary Hu Jintao and Regional People's Government Chairman Doje Cering went to Lhasa Theater to call on Tibet's representatives to the Second Session of the Seventh National People's Congress [NPC] and the Second Session of the Seventh National Chinese People's Political Consultative Conference [CPPCC].

Secretary Hu Jintao and Chairman Doje Cering are both deputies to the Seventh NPC. They said that given the current situation in Lhasa, much had yet to be done and that they could not go to Beijing with the people's deputies and CPPCC members.

On the eve of their departure, they specially went there to say farewell and report to them on the current situation in Lhasa.

Secretary Hu Jintao pointed out: Since 5 March, riots have broken out in Lhasa. These riots are another serious political incident deliberately masterminded by a few separatists long ago. They have seriously endangered our region's social stability. To uphold social order and to protect the citizens' personal and property safety and public property, the State Council has, in accordance with the provisions of the Constitution, promptly ordered the enforcement of martial law in Lhasa. This is completely correct and in keeping with the aspirations of the people of all nationalities in the region. However, formidable tasks have to be fulfilled before we can stabilize the situation in Lhasa, and much has yet to be done. First, it is necessary to

properly do the work concerning cadres and the masses and to fully understand the protracted nature and urgency of the struggle between separatism and antisepartism and the correctness of the the State Council order. Second, it is necessary to resolutely crack down on the separatists' activities and to further implement the State Council and the regional people's government's relevant orders, in order to prevent the separatists from starting new sabotage activities. And third, it is necessary to properly direct production, to be mindful of the people's livelihood, to develop the productive forces, to persistently do things with both hands [liang shou zhua], and to resume production and work, and restore new order as quickly as possible.

Finally, he emphatically pointed out: In spite of the riots that occurred in Lhasa in the past, the party's policies, including its policy regarding nationalities, religious policy, and united front policy will remain unchanged. The people of all nationalities in the region should make themselves even more united, make an effort to turn bad things into good ones, and work hard toward the development of Tibet.

Chairman Doje Cering spoke on the market and production in Lhasa, saying: Because of the riots, the prices of meat and vegetables have gone up, thus affecting the living conditions of staff members, workers, and the masses. Therefore, the regional and the Lhasa City People's Governments attach great importance to this and have adopted effective measures. From yesterday on, the prices of some foods have dropped and the market has stabilized to some extent.

According to another source, Tibet's deputies to the Second Session of the Seventh NPC, and CPPCC members attending the Second Session of the Seventh National CPPCC left Lhasa on 13 March.

Chengdu Military Region Thanked

HK1303142689 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 13 Mar 89

[Text] On 12 March, the regional party committee and the regional people's government jointly sent a telegram to the Chengdu Military Region to express their gratitude.

The telegram reads:

The PLA units stationed in Tibet are a strong pillar supporting the Tibetan people's democratic dictatorship, a steel wall protecting the motherland's southwest borders, as well as a staunch backing for us in dealing with the riots and in waging the struggle against separatism.

During our entry into Tibet, the suppression of the rebellion, the democratic reform, the self-defensive counteroffensive, and various major struggles, and in the long course of the construction of Tibet and protecting the frontiers, the PLA units stationed in Tibet have

always worked hard to fulfill their purpose of wholeheartedly serving the people, protecting the unity of the motherland, strengthening frontier defense in southwest China, and strengthening Army-government unity and Army-people unity. They have established close ties with the people. We believe that with the care and concern of the party Central Committee and the Central Military Commission and under the direct leadership of the Chengdu Military Region, the PLA units stationed in Tibet will be able to inherit and carry forward the Army's glorious traditions and style and, together with the people of all nationalities in the region, win the victory in our struggle against separatist, and build a united, prosperous, and civilized new socialist Tibet.

Dalai Lama's Proposals Reiterated
*BK1403080889 Hong Kong AFP in English
0749 GMT 14 Mar 89*

[Text] New Delhi, March 14 (AFP)—Talks to settle the Tibetan conflict can start only after China accepts the Dalai Lama's 1988 Strasbourg Proposals as the basis for negotiations, an exiled Tibetan spokesman said here Tuesday. "If the Chinese reject the Strasbourg speech of his holiness, then there is nothing to talk about," said spokesman Tashi Wangdi of the Dalai Lama's bureau here. Mr Wangdi's statement was a virtual rejection of a Chinese offer to negotiate with the Dalai Lama if the exiled Tibetan spiritual leader renounced all ideas of independence for the troubled region.

The official weekly magazine BEIJING REVIEW said Monday that the Chinese leadership was ready to hold talks with the Dalai Lama anywhere, but refused to take the Strasbourg Proposals as a basis for discussions.

In a speech to the European Parliament in Strasbourg last June, the Dalai Lama had offered to allow China to oversee Tibet's foreign affairs and defence in exchange for a large degree of autonomy in other areas.

Mr Wangdi said the latest Beijing offer was just a repetition of China's previous position on the proposals, expressed in a September 24 statement released here by its embassy. The Dalai Lama had proposed that talks be held in Geneva in January, but China rejected the offer and accused him of being insincere. Mr Wangdi said several rounds of preliminary discussions had been held between the Dalai Lama's representatives and Chinese officials to lay the groundwork for the talks. "We have stated our positions and we are still waiting for a reply from China," he said.

The spokesman said there were several disputes, including China's refusal to talk to any members of the Tibetan government-in-exile based in the northern Indian hill town of Dharamsala, and opposition to the presence of a foreign legal adviser in the Tibetan delegation proposed for the talks. "On the one hand the Chinese say they are willing to talk to representatives of his holiness, and on the other they refuse to meet our cabinet representatives.

So this is a very confused stand," Mr Wangdi said. He said the Dalai Lama's bureau was waiting for a "proper reply through official (Chinese) channels" to the Tibetan proposals, and refused to elaborate further. He said the BEIJING REVIEW statement did not appear to answer the Dalai Lama's renewed offer for talks made immediately after the Chinese Government imposed martial law in Lhasa last Tuesday.

The martial law decree followed three days of pro-independence protests that left 16 people dead by official count, although foreign travellers who witnessed the disturbances put the death toll at up to 60.

The Dalai Lama, who fled into exile in India following a failed March 1959 uprising against Chinese rule, said in an interview with AGENCIE FRANCE-PRESSE in Dharamsala Sunday that his Strasbourg Proposal was a "middle way" under which Tibetans were willing to be part of China. He said his proposals were a compromise in which "there is something for us, something for China."

Chinese Dissidents Favor Talks on Tibet
*HK1403043889 Hong Kong AFP in English
0434 GMT 14 Mar 89*

[By Patrick Lescot]

[Text] Beijing, March 14 (AFP)—Leading human rights advocates in China favour dialogue between Beijing and Tibet's spiritual leader the Dalai Lama but are divided over the government crackdown on Tibetan nationalism.

Writer and philosopher Wang Ruowang, 72, was the only one of four leading dissidents who firmly denounced the government decision to impose martial law in Lhasa March 7 following three days of anti-Chinese riots that left 16 people dead by official count, and up to 60 according to Western travellers in the Tibetan capital. "I am totally against this decision," said Mr. Wang, one of about 150 leading intellectuals, artists and scientists who have petitioned the government to respect human rights and release all political prisoners. "To open fire on the Tibetans is an admission of failure and weakness that can only deepen their hatred for us," said the academic, who was expelled from the Communist Party during a 1987 crackdown on "bourgeois liberalism." He told AGENCIE FRANCE-PRESSE by telephone from Shanghai that he had "no doubt" that Tibetans arrested during and since the riots in Lhasa on March 5, 6 and 7 were political prisoners and should be released.

Chinese police have arrested several hundred people in the Tibetan capital since it was placed under martial law, according to sources in Lhasa.

Leading dissident Fang Lizhi, 52, who agreed that arrested Tibetans were political prisoners, said "We should open a dialogue with the Dalai Lama," adding that it was regrettable Beijing had not resorted to more peaceful ways in suppressing the nationalist sentiment in Tibet.

A State Council spokesman said Monday that the issue of releasing political prisoners was out of the question, because there were no political prisoners in China, the official NEW CHINA NEWS AGENCY said. China reaffirmed Monday, in a statement carried by the BEIJING REVIEW, that it was prepared to negotiate with the Dalai Lama on condition that he renounce all ideas of independence for Tibet. Beijing also refused to take proposals by the Dalai Lama in June as a basis for discussions, because they did not relinquish the idea of Tibetan independence, the BEIJING REVIEW said.

The Dalai Lama suggested that China handle Tibet's foreign affairs and defence in exchange for a large degree of autonomy in other areas. (In an interview with AGENCIE FRANCE-PRESSE in Dharamsala, India, the Dalai Lama said Sunday that the proposals were tantamount to renouncing Tibetan independence because he had offered a Tibetan "association" with China.)

Political theorist Su Shaozhi, 66, said "the riots are inadmissible... martial law was inevitable." The former director of the Institute of Marxist-Leninism and Mao Zedong Thought, who was sacked in 1987 for his ultra-reformist views, said the current crackdown in Lhasa was a question of law and order and not human rights. Mr. Su also said he believed the Dalai Lama's June proposals offered a "good base for discussions."

Chen Jun, 30, who last month helped set up the Amnesty 89 group to investigate the conditions of political detainees, said Tibetans who had broken the law and killed innocent people could not be considered as political prisoners. A policeman was among those killed in the riots. "I abhor all violence," said Mr. Chen, adding that "martial law would not bring anything good to the Tibetans." He also supported dialogue with the Dalai Lama but said the tense situation ruled out holding talks soon.

Most of the critics of the establishment said they believed Tibet was a part of China but agreed that the problem was complex due mainly to lack of information. They added that freedom of religion was an important aspect of human rights. Tibetans were persecuted for their religious beliefs during the Cultural Revolution of 1966-76.

Mr. Wang expressed reservations about opening a dialogue with the Dalai Lama saying there was a danger that China would try to create a new Panchen Lama—a reference to Tibet's second ranking spiritual leader who was Beijing's most important Tibetan ally until his death in January. He noted that "Tibetan resentment against the Chinese is profound" and added that "all policies on Tibet since 1949 have failed." "There can be no solution unless the government completely changes its ideas and truly respects the autonomy of minority groups, rather than using force."

Tibetan Radicals Warn of Terrorism
*HK1403034989 Hong Kong HONGKONG STANDARD
in English 14 Mar 89 p 6*

[By Fan Cheuk-wan]

[Text] Tibet's government-in-exile warned yesterday that continued repression by Beijing could lead to terrorism being adopted by Tibetan radicals.

An official said direct talks between Beijing and the Dalai Lama were the only way to stop anti-Chinese violence both within and outside the troubled Himalayan territory.

And he repeated the Dalai Lama's threat to abdicate his leadership if militants adopted terrorist tactics to achieve their goals.

In the Tibetan capital of Lhasa, meanwhile, Chinese troops continued to patrol the streets as martial law looked set to continue for at least another week.

Scattered cases of rock throwing were reported, but there were no signs of major disturbances as Beijing's clamp-down reached the end of its first week.

Mr Tashi Wangdi, Foreign Minister of the government-in-exile, said further bloodshed was expected as Chinese repression deepened frustration among Tibetans.

"The possibility of terrorism can't be ruled out. If the repressive conditions in Tibet continue and the Chinese leaders are still unwilling to talk to the Dalai Lama, Tibetan people will resort to any means to improve the situation," he said.

"The Dalai Lama will leave the Tibetan nationalist movement and cease his leadership if the level of violence reaches the extent of terrorism," he warned.

Tibet's spiritual leader said on Sunday [12 March] he was facing increasing opposition from young Tibetans over his willingness to compromise with Beijing.

Mr Tashi Wangdi confirmed that young Tibetans, in particular the militant Tibetan Youth Congress (TYC), had criticised leaders as "naive" for seeking negotiations with Beijing.

"The young Tibetans are very critical of our policy to drop the independence call. They don't agree to the proposal made by the Dalai Lama in Strasbourg last June which (would) allow Beijing to handle Tibetan defence and foreign affairs in exchange for high autonomy," he said.

He attributed support for violence to China's delayed response to the proposal for talks.

"They are losing patience over the negotiations with Beijing. They expected our negotiations with Beijing would lead to no way out," he said.

He denied the Dalai Lama had lost control of the militants. "They are not disputing the leadership of the Dalai Lama or the legitimacy of the government-in-exile."

He said Tibetan leaders had maintained contact with the Chinese Embassy in New Delhi over the negotiation proposal, but Beijing had yet to respond.

An official at the Tibetan regional government office in Beijing confirmed a report in the official BEIJING REVIEW that China still supported talks.

"If the Dalai Lama is willing to hold talks, we welcome it as long as he is sincere," he said.

He said the martial law order imposed to quell anti-Chinese riots in Lhasa would continue for at least another week.

"Right now there is no possibility of the order being lifted," he said.

He said Tibetans defying the crackdown had been dealt with "harshly and in accordance with law."

Meanwhile, Indian police removed protesting Tibetan exiles from a diplomatic district in New Delhi after they appealed for United Nations action over Tibet.

Officials said the protesters were being detained at a police station in the diplomatic district and would be released later in the day.

"We appeal to the UN to step in and save the lives of Tibetans from Chinese tyranny," a protester said.

Tourists Describe Riots

HK1403094789 Hong Kong SOUTH CHINA MORNING POST in English 14 Mar 89 p 12

[By Daniel Kwan]

[Text] An eyewitness to the riots in Lhasa said yesterday the Tibetan crisis would only be solved through peaceful negotiations between Beijing and the Dalai Lama.

Mr Steven Marshall, an American construction superintendent from New Orleans, said allegations the violence had been planned by the Dalai Lama were ridiculous but added that it was possible the riots were started by those outside the autonomous region who wanted independence for Tibet.

Mr Marshall, who has been to Tibet four times since 1986, said he could not imagine what would happen if the Dalai Lama should withdraw from the government-in-exile.

"It was lucky that China had the Dalai Lama," he said. "I believe the Dalai Lama would prefer to settle the Tibetan crisis through peaceful negotiation."

The Dalai Lama had said on Sunday that he might not be able to control the young Tibetans who strongly demand independence and he might have to withdraw from the government-in-exile if he lost control.

Mr Peter Kedge, secretary of the Asia Pacific Forum for Tibet, said even if the Dalai Lama did withdraw from the government-in-exile, he would still be recognised among Tibetans as their spiritual leader.

"He is like a father to the Tibetans," he added.

But Mr Kedge said the Dalai Lama's withdrawal would create a vacuum even if Beijing agreed to negotiate.

Mr Marshall appeared at a Hong Kong press conference at the Foreign Correspondent Club yesterday with five other tourists who were all in Lhasa during the three days of rioting and who left for Chengdu last Thursday, after the imposition of martial law in the Tibetan capital.

He gave detailed accounts of what happened during the four days of unrest and presented bullets, official documents and lists of casualties reported in different Lhasa hospitals.

He spent eight hours a day in the Barkhor area but he said he did not take any pictures of the riots.

"We don't think martial law was necessary. We don't think the Chinese tried very hard to control these (riots). We think that the Chinese people wanted martial law," Mr Marshall said.

But Mr Marshall also said the Tibetans had many problems related to their culture, religion, language and economy, and it was inappropriate to press for independence at this time.

The tourists also criticised the Chinese authorities for allowing violence to spread and for not taking proper measures to protect foreigners.

They also claimed Chinese security people and police went in with the intention to kill people rather than to stop the violence.

They said the death toll during the first three days of riots totalled 50 to 60; anything below 40 would be inconceivable, they said.

However, none of the six eyewitnesses—four Americans, one Swede and one West German—actually saw any killings.

Chris Helm, an American traveller, said the Chinese would not allow independence in Tibet no matter what happened.

Chinese security people confiscated films and took the passports of five tourists who had taken pictures on the first day of the riots on March 5.

Mrs Helm, who speaks fluent Chinese, said she heard Tibetan women crying on the streets after martial law was declared.

Miss Susan Maier, a video film editor who was visiting the region for the first time, said she saw angry Tibetans carrying the body of a teenage boy killed during the riots.

"How can you shoot a teenage boy?" she asked.

Mr Marshall also showed a note written by a Tibetan listing the number of dead and injured recorded in four Lhasa hospitals, bullets used by Chinese soldiers given to him by Tibetans, and other official documents.

The six eyewitnesses, together with 30 other tourists who were in Lhasa during the riots, have signed a petition to be addressed to the United Nations, foreign embassies in Beijing and the Chinese Government demanding an investigation into the motivation behind the shootings.

Democratic Parties To Get 12 Government Posts

HK1403093989 Hong Kong SOUTH CHINA MORNING POST in English 14 Mar 89 p 1

[By Willy Wo-lap Lam]

[Text] Prominent non-Communist Party members are to get 12 senior Chinese Government posts during the second session of the seventh National People's Congress which opens next Monday, sources say.

This is in accordance with the goal of the Chinese Communist Party (CCP) to broaden the base of its rule by inviting the nation's eight non-communist, or democratic, parties to participate in the Government.

The sources say that of the 12 positions, one will be at the level of State Councillor, the equivalent of a cabinet minister. In addition, the democratic parties will get at least three full-ministerial posts.

The rest of the appointments will be at vice-ministerial level.

The names of the candidates will be submitted by the Communist Party to the National People's Congress (NPC) for ratification.

"Even though China's eight democratic parties are of different sizes and influence, each will get at least one appointment," said a well-placed political source. "This is in line with the principle of fair play".

This major step in political democratisation comes at a time when the democratic parties, which have never been in the mainstream of Chinese politics, are confronted with a talent crisis.

Well-known democratic party politicians such as Professor Fei Xiaotong, Dr Qiang Weichang, Ms Lei Jieqiong and Mr Qu Wu—who are all vice-chairmen of either the NPC or the Chinese people's Political Consultative Conference (CPPCC)—are in their seventies and eighties.

In the interest of rejuvenation of leadership, the 12 democratic party members who will be elevated are all "third tier" cadres in their late forties and fifties.

"The ministers-to-be are all new faces, most of them scholars and professionals with specialised knowledge in their fields," said an official of a prominent democratic party.

"The drawback, however, is that they have little administrative experience."

Each of the eight democratic parties have finished submitting their nominees to the United Front Department of the CCP's Central Committee. The department will make the final choices ahead of the opening of the NPC.

According to reliable sources, two democratic party stalwarts will almost definitely be among the 12.

A vice-chairman of the China Democratic League, Professor Feng Zhijun, is tipped to be made either a full minister or even a State Councillor.

Mr Feng, who is in his mid-fifties, is president of the Shanghai Institute of Science and a deputy secretary-general of the NPC.

Another candidate is Professor Jin Kaicheng. Mr Jin, who is head of the propaganda department of the Jiu San (Nine Three) Society, a democratic party whose members are almost all academics, is also a literature professor at prestigious Beijing University.

Mr Jin, 54, is expected to be made an executive vice-minister of culture.

Because most democratic party members are intellectuals, they will likely be rewarded with positions in "professional" ministries such as transportation, science and technology.

However, analysts say there is a clear limit as to how much power the CCP is prepared to give to the democratic parties, which are characterised by some analysts as the "eight dwarfs" of Chinese politics.

The CCP has decided that positions in strategic ministries such as defence, finance, planning and foreign affairs will not be vouchsafed members of democratic parties.

Moreover, Beijing has yet to match the democratic spirit of the early 1950s, when fully one-third of all ministers came from democratic parties.

In an internal speech, CCP General Secretary Zhao Ziyang recently said that China would never follow in the footsteps of East European countries and introduce "multi-party politics".

He said the CCP would always take the lead in formulating policies. "What we are instituting is multi-party cooperation under the stern leadership of the Chinese Communist Party", Mr Zhao said.

Sources say that this spirit prevailed during a recent discussion between United Front Department chief Yan Mingfu and the leaders of the eight democratic parties.

He reportedly told the party chiefs that if the experiment this year was successful, more democratic party politicians would be appointed to senior Government posts in years to come.

However, Mr Yan, who is regarded by analysts as a leading member of the CCP's liberal wing, also mixed his sweet talk with some caveats.

Mr Yan reportedly asked the party chiefs to help rein in members who are also deputies to the upcoming NPC and CPPCC.

He reportedly said that two areas NPC and CPPCC members should not venture into are "advocating multi-party politics for China" and "singing the praises of private ownership (to the exclusion of state ownership)".

According to sources, most democratic party members are overjoyed by what they see as the CCP's generous dispensation.

"Bitter fighting has broken out among the democratic parties over the division of the spoils," said a political analyst in the capital.

"Among individual parties, too, senior members are scurrying to catch the eyes of the talent scouts of the United Front Department," he added.

Speed of Inner-Party Democratization Analyzed
HK1303050789 Beijing GONGREN RIBAO in Chinese
24 Feb 89 p 3

[Article by Qian Xiaoqian (6929 1420 5340): "It Is Necessary To Push Forward and Speed Up the Process of Inner-Party Democratization"]

[Text] Stagnation in political structural reform has brought about many difficulties and problems in the development of our social life. The results of recent public opinion polls suggest that the people are expecting a faster pace from China's political structural reform that is aimed at building socialist democratic politics. In this respect, pushing forward and speeding up the process of inner-party democratization will undoubtedly be of particular significance. Inner-party democratization is important to the formation of socialist democratic politics, but the importance of this democratization has not been commonly felt by the public. There are still many ideological obstacles, and this has brought inner-party democratization to a standstill. Apart from this, the development of political democratization in the Soviet Union and other socialist countries in Eastern Europe is more or less impacting on our country. Therefore, there is a need to bring up the problem of speeding up inner-party democratization and to create public opinion to help break through the ideological obstacles hampering the process of inner-party democratization. In such cases, inner-party democracy will help promote social democracy. Here I would like to air my tentative views on pushing forward the process of inner-party democratization.

1. Inner-Party Democracy Is an Important Component of Social Democracy, and in Pushing Forward Inner-Party Democratization There Is a Need To Overcome the Ideological Obstacles That Are Hampering the Process of Social Democratization

The stagnation in political structural reform and social democratization is more or less due to the following views that are common among some comrades:

First, they think that economic development is the basis of democratic politics and that a certain level of economic development is always accompanied by a certain degree of democratic politics. Therefore, they are in favor of developing the economy ahead of democratic politics. This is a one-sided view on the relationship between economic development and the formation of democratic politics. The relationship between these two is not that simple. Economic development does not mean political development. Moreover, the development of democratic politics is affected not only by economic development but also by other factors, including historical development. The development of democratic politics is governed by its own logic and other historical factors. For this reason, it is often the case that democratic development is sometimes faster than economic development and sometimes falls behind it. If we

attribute the development of democratic politics mainly to economic development, the task of studying and revealing the law governing the development of democratic politics will become less important and even be forgotten. This will hamper us from building and developing socialist democratic politics under the present conditions.

Second, in their opinion the formation of democratic politics should be carried out slowly because our society is still in the initial stage of socialism.

I am afraid it is difficult to work out a program that can accurately forecast both economic and democratic political developments. Economic development can at most provide an approximate and largely flexible development period for democratic politics. Within this period, the development of democratic politics will be mostly determined by other factors, including the development basis and impetus for democratic politics itself. What needs to be discussed in this connection is what requirements the initial stage of socialism has set for socialist democratic politics. Ours is a developing country carrying out socialist construction in an open international environment. Developing the mature parts of Chinese democratic politics will set an appealing example for the Chinese people, particularly intellectuals. Therefore, we are facing strong "post-development" pressure in the course of building democratic politics. If we want to alleviate this pressure, maintain stable social development, and improve the attractiveness of the socialist system, we should push forward the formation of socialist democratic politics in the course of developing the economy and culture.

Therefore, we should speed up our efforts to build socialist democratic politics during the initial stage of socialism because the formation of democratic politics is very sluggish in our country.

2. In Pushing Forward the Process of Inner-Party Democratization, We Must Have a Sober Understanding of the Position and Role of Inner-Party Democracy in the Formation of Democratic Politics in Society

Actual life in society has proved that inner-party democracy is the key to forming democratic politics in society and has particular significance.

This finds expression in the following two points:

1) Inner-party democracy is a precondition for political democratization in society. China's socialist system was established under the leadership of the CPC, which is the leading core of the socialist cause. CPC leadership is the most important and essential issue in our political life. It determines other important factors in our social and political life. When studying actual Chinese politics, we must first study the CPC and its role in Chinese social and political life. The CPC's leading position and role in the country's political life determine that without inner-party

democracy, there can be no political democracy in society. Historical experience has repeatedly revealed this relationship. In the history of our socialist construction over the last several decades, the principle of socialist democracy has been trampled underfoot on many occasions. This generally started with the destruction of inner-party democracy, and such destruction was fully witnessed during the "great Cultural Revolution." If inner-party democracy had been perfect and adequate, the vast numbers of party members would have been able to prevent such a big disaster from occurring in the country and causing serious losses to the Chinese people. Therefore, pushing forward inner-party democratization is of primary importance to building socialist democratic politics.

2) Inner-party democracy should serve as a school for studying socialist democracy. Inner-party democracy is different from social democracy in scope, object, and form. But they are similar in terms of principles, procedures, and standards of democracy. These two types of democracy bear the nature of socialist democracy. To practice these two types of democracy, it is necessary to popularize the knowledge of democracy within the party and throughout the entire society. We should admit frankly that we are not familiar with socialist democratic life or with carrying out work in different fields under socialist democratic conditions according to the principles and procedures of democracy. Therefore, in the course of building socialist democratic politics, we are facing a complex and difficult task of study. Thus, in terms of forming the concept of democracy or building democratic life, inner-party democracy should serve as a school or classroom for studying socialist democracy.

This is how we should apprehend the position and role of inner-party democracy throughout social democratic politics.

3. In Pushing Forward Inner-Party Democratization, We Should Make a Down-to-Earth Appraisal of the Actual Situation of Inner-Party Democracy

One's understanding of the necessity to push forward and speed up inner-party democratization is, to a large extent, determined by one's appraisal of the actual situation of inner-party democracy. The democratization of inner-party life was a basic principle and slogan put forward by the party after the 3d Plenary Session of the 11th CPC Central Committee on the basis of profoundly summing up historical experience. Subsequently we did a great deal of work with the aim of developing inner-party democracy, and the situation in inner-party democratic life began to take a turn for the better. But taken as a whole, the progress of inner-party democracy has been very slow over the last few years and has proved to be incompatible with the development of reform. The 13th CPC National Congress pointed out the necessity of using inner-party democracy to promote people's democracy, thus accurately indicating that inner-party democracy would have special significance for the formation of democratic politics for the entire society. But

facts over the past year have proved that this understanding has not been accepted by many people in the party. The development of inner-party democracy has not been put on the agenda of the party.

Therefore, there are still many problems in inner-party democracy. For example, party affairs still lack openness and overtness; systems for inner-party dialogue, party committee members reporting their work to party members, party committee members accepting party members' supervision and inspection, and allowing party members to discuss all party affairs within the party have not been established; a large number of party members still lack the opportunity and initiative to manage party affairs; there are still many limitations on party congresses' criticism, inspection, and supervision over party committees' work and on discussions of major party affairs; delegates to party congresses generally complete their tasks after their participation in these congresses, therefore, party congresses lack the authority of supreme organs of power; the inner-party electoral system is also imperfect, the nomination of more candidates than posts has just started in party electoral activities, and many problems still remain to be solved; party members have very limited knowledge of the candidates they elect; as the appointment of leading cadres remains the main form, party members find it difficult to exercise their right of supervising, dismissing, or changing their leaders; the shortcomings of the inner-party democratic system have made it impossible for the party to exercise extensive inner-party supervision so as to effectively prevent corruption in the party, and as a result the party's ability to resist and correct mistakes has weakened. Similarly, our theoretical study is still very poor with regard to the party's organizational and democratic systems and party building. Many of our theoretical concepts are outmoded, and our thoughts are changing within the old ideological framework. There is inadequate inner-party public opinion with regard to promoting inner-party democratization and reforming the party's organizational system. Apart from indicating that inner-party democratization is stagnant, this situation also serves as a condition for this stagnation.

This stagnation fully suggests the urgency and necessity to push forward and speed up the process of inner-party democratization.

4. Pushing Forward and Speeding Up the Process of Inner-Party Democratization Is the Only Method To Solve Outstanding Problems in Party Building

Outstanding problems in party building include introducing clean administration and strengthening the party's power of coagulation [ningju 0413 5112] and attraction. As Comrade Zhao Ziyang recently pointed out, these are the main issues to be solved in party building at present.

Exercising clean administration and strengthening the power of coagulation and attraction are new problems that have arisen in party building under the new situation. These new problems cannot and should not be solved according to old methods. Instead, new methods should be introduced, of which the most important is promoting the establishment of the inner-party democratic system.

As a matter of fact, clean administration and the party's power of coagulation and attraction have become prominent problems because the establishment of the inner-party democratic system is very slow. If the inner-party democratic system were perfect, the inner-party democratic supervisory system would also be perfect, thus making it impossible for unhealthy tendencies to arise in the party and harm party members' interests, for some party members to seek personal gain and have privileges, for corruption to spread unchecked, and for clean administration to become such a very difficult problem. Similarly, if the party's organizational system were fully democratic in nature and if party members could really enjoy inner-party democratic rights, have a full democratic life in party organizations at all levels, carry out full inner-party discussions and criticism with regard to major problems, and really have the right to talk about and decide the party's major problems and to elect, supervise, change, and dismiss the party's leading cadres, instead of being the party's outsiders in major problems, then the party's power of coagulation would not constitute an outstanding problem. In conclusion, if the party can solve the problem of clean administration and its power of coagulation by exercising the inner-party democratic system, and if it can bring about democratization and a vigorous political atmosphere in society through its own democratization, it will be more attractive to the Chinese people and exercise better leadership over the country's modernization drive. Therefore, there is a need to creatively push forward the process of inner-party democratization for the purpose of practicing clean administration and improving the party's power of coagulation and attraction.

CPC Official on Raising Quality of Members

HK1403082589 Beijing LIAOWANG in Chinese
No 9, 27 Feb 89 pp 6-7

[Article by Guo Yuanfa (6753 6678 4099): "Raise the Quality of Party Members and Strengthen Party Building—an Interview With Zhao Zongnai, Deputy Director of the Organization Department of the CPC Central Committee"]

[Text] "What Is Important Is To Raise the Quality of Party Members"

A few days ago, this reporter interviewed Deputy Director Zhao Zongnai in a rather small office of the CPC Central Committee Organization Department.

"In party building, what is the problem demanding prompt attention at the moment? What is important is to raise the quality of party members." Zhao Zongnai came straight to the point.

It was in early 1988 that Zhao Zongnai became deputy director of the CPC Central Committee Organization Department. Over the past few days he has been frequently exchanging views with people from all parts of the country who have come to attend the central study class on party building and has been listening to their views and suggestions on strengthening party building.

Zhao Zongnai said: Our party has over 47 million members. In recent years we have recruited 2 million new party members a year. Compared with other socialist states, ours is a big party but the proportion of party members in the country's population is still relatively small. In some socialist states in Eastern Europe the proportion of party members is often around 10 percent and in some others as high as 20 percent. In the GDR the proportion of party members in the total population is 22 percent. That is to say there is a party member in less than every five people.

Zhao Zongnai said: Most of our party members are good or relatively good and their quality is high or relatively high. Most of the key members on various fronts and most model workers, outstanding teachers, and combat heroes selected throughout the country in recent years are party members. Some time ago a survey was conducted among 1.49 million party members in 16 provinces, autonomous regions, and municipalities. The survey results showed that those playing an exemplary role account for 45.8 percent and those playing the role of party members and giving a good account of themselves account for 45.7 percent, totaling 91.5 percent. The Organization Department of the CPC Central Committee has also conducted a sample survey about the conditions of some party members and the results are more or less the same. At crucial moments, or when one's fate hangs in the balance, the exemplary vanguard role of party members is even more conspicuous. In the self-defense battles against Vietnam in Lao Shan, those taking the lead in charging forward were mostly party members. In the face of extraordinarily serious natural calamities and eventualities many party members are so devoted to public service as to forget their own interests and step forward bravely to protect state property and the people's interests. In the struggle to put down forest fires in Da Hinggan Ling, the deeds of many party members were very touching. During the construction of a cross-harbor tunnel in Shanghai, an underground tunnel was suddenly found to be leaking. At this crucial moment, 70 party members and some workers at the site faced the danger fearlessly. Sticking fast at their work posts they succeeded in fixing the dangerous situation. In this accident two party members died at their posts. In the country as a whole, such examples are too numerous to mention individually. That is why the masses say: "Party members are still all right at critical moments!"

Naturally, there also exists some decadent conduct among a number of party and government functionaries, like abusing power, taking advantage of one's position and power to seek personal gain, moral degeneration, engaging in corruption and bribe-taking, illegally doing business, and wastefully living in luxury. We should attach ample attention to this so it is therefore urgently necessary to pay close attention to, and make a success of, raising the quality of party members.

Zhao Zongnai went on to say: In raising the quality of party members we should strive to make party members genuinely meet the requirements for party membership laid down in the party constitution. Before joining the party, party organizations should organize their studies so that they genuinely understand party regulations and the duties of party members. The comrades who already joined the party, including those who have assumed leadership responsibility, should also conscientiously make up for this lesson.

A graduate of Qinghua University in 1951, Zhao Zongnai has worked in industrial departments for a long time, carrying out technical and administrative work, and party affairs. After the 3d Plenary Session of the 11th CPC Central Committee, he studied at the Central Party School. For this reason he talked about the question of training party cadres. Zhao Zongnai said: From 4 January to 2 February this year the central study class on party building at the Central Party School organized leading comrades from provinces, cities, and prefectures in specially studying the question of party building and attained very good results. At the study class, all members talked about the need to further institutionalize and standardize the training of leading cadres in the future. Before taking up leading posts at a certain level, leading party cadres should undergo training at a party school. On-the-job cadres should also undergo regular training. With the training class for cadres at provincial and ministry levels run by the Central Party School recruiting only several dozen students at a time, the tempo is too slow. We are discussing with the Central Party School the question of improving and strengthening work in this field so that more leading cadres from provinces, autonomous regions, and municipalities can go to the Central Party School to study. Party schools at all levels from the provincial and city levels down to the county level should also use similar methods to run training classes in order to train on-the-job and other party members who will soon take up leading posts at a higher level. It is also hoped that party committees at all levels will train, or train in rotation, rural party branch secretaries. Some rural party branch secretaries work diligently and are very honest and upright in their ways but they fail to keep abreast of the situation. Some, still entertaining the idea that "all traders are unscrupulous," are so resentful of, and even disgusted with, the commodity economy that they can hardly be expected to lead the masses in taking the path to prosperity. The living standards of the masses are low and so are their living standards. The masses do not have a lot of complaints

about them but they are not qualified bellwethers in the new period. Party organizations should train them so that the vast numbers of grass-roots units in the rural areas have competent party branch secretaries.

Apart from organizing party members and party cadres in study and training it is also necessary to enforce regular activities in party organizations and do a good job of "three meetings and one class" (general meeting of the party branch, party branch meeting, party group meeting, and party class). The "three meetings and one class" is not a new invention and so the important thing is to put it into effect. Unqualified party members should be dealt with properly. That is to say instead of dealing with them in a simplified way, we should enable those party members who are unqualified but who still wish to make progress to catch up and become qualified party members by helping them to improve; those who are unqualified and who do not wish to make progress should not remain in the party. Naturally, after these people withdraw from the party we also hope that they will become good citizens. Those degenerates who disrupt the cause of the party and the people should be resolutely expelled from the party. I think these are also important aspects in raising the quality of party members.

Zhao Zongnai said: We should also step up and improve propaganda and education work by publicizing the advanced deeds of outstanding party members. In practical life there is abundant material of this kind, which is good teaching material not only for educating party members but also for conducting education in lofty ideals. For example, television stations in Shanghai and other places have started a special program on party life and GUANGMING RIBAO has opened a special column entitled "Party Members in the Great Reform Tide." As we understand it the results are satisfactory. Other places have also organized report meetings on the deeds of advanced figures and outstanding party members. Because the deeds are outstanding and the material is well organized these report meetings are well received. We should promote these practices.

"We Should Be Full of Confidence in the Party's Cause"

Zhao Zongnai said: Neither the revolution nor construction is plain sailing. We are bound to meet difficulties and complications. At present, some decadent phenomena in society are contaminating the body of our party. In some places they are fairly serious and it is indeed difficult to solve the problem. Can we satisfactorily resolve these problems then? As I see it, through the efforts of the whole party, with the improvement in the quality of party members and with the growing unifying force and appeal of the party, our party is capable of solving these problems or reducing the decadent phenomena to the minimum. We must have full confidence in this.

We have confidence because we have many favorable conditions. First, this decadent conduct is incompatible

with our social system and the vast numbers of party members, cadres, and people bitterly hate these decadent phenomena. Therefore, we have a solid mass basis to solve this issue. Second, the quality of most party members is good and the healthy force occupies a predominant position in the party. The third, which is also the most crucial one, is that the party Central Committee has a very strong determination and adopts a very serious attitude toward resolving this problem. Since the 3d plenary session the party Central Committee has adopted a series of measures and practical steps. The principal leading comrades of the party Central Committee have paid personal attention to the development of a clean government. At the end of last year the CPC Central Committee Secretariat held a special meeting to discuss the question of developing a clean government and convened a national work meeting on the education of party members. This was followed by the public security, procuratorate, judiciary, and discipline inspection work meetings. Comrade Zhao Ziyang delivered speeches at all these meetings. During his inspection tour of three provinces, including Hebei and Henan, some time ago he discussed on numerous occasions the question of giving scope to the party's political superiority and strengthening party building. The State Council has also adopted some major steps, like examining and reorganizing all types of companies throughout the country, launching a general taxation and price inspection, straightening out investments in fixed assets in the whole society, and suspending or delaying the construction of office buildings, auditoriums, and hotels. These are all very practical steps. Party, government, and army organizations throughout the country have also taken immediate action. Take Liaoning as an example. After conducting rectification, within a short time some 300 enterprises which failed to separate government from party functions, or to separate government from commercial functions, had been suspended and over 500 enterprises had carried out the "three decouplings." A number of cases have also been investigated and dealt with in other localities. Naturally, there are still many problems to be improved and rectified. However, the Communist Party has the capacity to purify itself and to gradually eliminate various decadent phenomena.

In conclusion, Zhao Zongnai said: "We should also stress that all Communist Party members should have a high sense of responsibility. About the current unhealthy tendencies and incorrect things we should not merely complain, make criticisms from the back, or become onlookers; nor should we be satisfied with preserving our purity in refraining from engaging in unhealthy practices. A correct attitude is to join the party cause, keep to the party stand, struggle against unhealthy phenomena, and bring into full play the exemplary vanguard role of party members. All party comrades should unite and work as one and struggle alongside the masses of the people. In this way we can deepen the reform!"

Upholding Major Principles of Modernization
HK1003073589 Beijing JINGJI CANKAO
in Chinese 24 Feb 89 p 1

[“JINGJI CANKAO Forum:” “Major Principles Must Be Upheld”]

[Text] In our involvement with modernization, things undergo a thousand and one changes. Policies must sometimes also change with changes in conditions. But we must uphold several “don’ts in change.” Don’t change the four cardinal principles.

Don’t change the guideline of reform and openness.

Don’t change the position of the Chinese Communist Party as the ruling party in China and its role in political leadership, with no change in our Communist Party members’ goal of fighting for communism.

Don’t change our socialist system, with no change in the leading position of the system of public ownership and in the main distribution pattern of distribution according to labor.

Of course, the pattern of public ownership can be theoretically explored and summed up in practice.

We uphold the Marxist stand, viewpoint and method. But we must study new conditions and solve new problems.

We must uphold these major principles, and cannot be shaken in our confidence. If China should give up upholding the four cardinal principles and drop the general guideline of reform and openness, China would be in a big mess, and the socialist modernization effort would come to nothing.

Cadres Urged To Follow Masses’ Line
HK1303082889 Beijing LIAOWANG in Chinese No 9,
27 Feb 89

[“LIAOWANG Forum” by Zhen Ru (2182 1172): “We Can Do Nothing If Divorced From the Masses”]

[Text] We are coming up against difficulties during reform. When people go here and there in search of solutions, they seem to neglect our own cherished tradition, that is: Maintaining links with the masses, relying upon them, and safeguarding their interests. Did not Comrade Mao Zedong say in his essay “The Foolish Old Man Who Removed the Mountains” that if the masses of Chinese people stand up and work with us, what difficulties, even as big as mountains, cannot be overcome? It should be said that we can do nothing if divorced from the masses. It is dangerous to distance ourselves from them.

Maintaining close links with the masses used to be one of our fine traditions; it is from the masses that we draw our strength; and it is the masses that guarantee the triumphant undertakings under the leadership of the Party. All these seem to be platitudes, but it is difficult to act upon them. At present some comrades are alienated from the masses to a great extent.

First, they refuse to share the hardships and comforts of the masses. No matter what we do, we can only achieve success by working hard. Party members, especially leading cadres should work hard themselves instead of only appealing to the masses to work hard. Some people, after they have assumed leading posts, hanker after ostentation and extravagance. They live in a nicer and nicer houses and ride in more and more luxurious cars, but they are more and more divorced from the masses. They do not hear and do not deign to listen to their voices. They shove difficulties off onto others while keeping ease and comfort for themselves. In what way do they look like communists? How can the masses listen to them? Such being the case, the masses have much to complain about. How can we do things well when the masses feel indignant?

Second, they are hardly concerned about the people’s vital interests and practical difficulties. It is necessary for the communists to take the people’s immediate and long-term interests into account when they make plans. While we work on long-term plans, encouraging as they are, and necessary projects, we should not forget the problems related to people’s chief necessities, such as fuel, rice, oil and salt. Such things of vital interest to the people as dangerous schoolhouses, traffic congestion, and the strain on housing should be all placed on the agenda too. Some leading cadres pay attention to one thing to the neglect of another. They even “demand” all kinds of contributions from the masses disregarding their load-bearing capacity with the result that the masses pour out endless grievances. We should have lofty ideals and long-term plans. We should not only make plans for the end of the century, but also make plans for construction and development for the next century. However, we should integrate the state’s interests with the people’s interests, and long-term interests with immediate interests. Only by so doing can the people work more, be more energetic and feel more encouraged.

Third, they increasingly fail to consult with the masses when matters arise. We have still failed to do a good job, as required by the 13th CPC National Congress, in keeping the people informed of major events and seeking their advice on important matters. As a result, they know little about the achievements we scored during the decade-long reform, the difficulties we are confronted with, and the solutions, and they complain and guess as soon as they get into difficulty. Are we advocating accessibility? It means letting the masses know everything we do. When the masses are in the know, they will

work with us and problems will be settled with ease. That is the reason why we advocate having faith in and relying on the masses.

Having faith in the masses, relying upon them, maintaining close ties with them, and taking their interests into account is our party's fine tradition. This tradition is our magic method for overcoming difficulties. Instead of being outdated, the tradition offers a cure for present difficulties. Only when you share the joys and sorrows of the masses can they throw in their lot with you. That is what we mean by all being united in one purpose. We are strong when the leadership are concerned with the well-being of the masses, while the masses appreciate the leadership's difficulty.

We are deepening reform. It is inevitable that various problems, contradictions, or even confusion crops up when the new system is replacing the old. Mistakes and defects are to blame for some of them. It is also inevitable the masses have a misunderstanding of some matters when they are unable to adapt themselves to the new situation. It is undesirable to dodge difficulties. The best way out is to go deep among the masses, engage in dialogue with them, conduct thoroughgoing and painstaking ideological work, give a clear account of mistakes, defects, and difficulties in work, and consult with the masses about the solutions to difficulties. We should listen to the masses' opinions. It is necessary to solve those problems that should be solved and explain those that should be explained. At present, reporting centers or mayors' hot lines have been set up in some provinces and cities, and some leading cadres give interviews to people. All these are good methods of establishing contact with the masses and have achieved good results.

We should do solid things rather than make empty talk when we promise to maintain links with the masses. What we hear is unreliable and what we see is real. Facts have shown that doing solid things is much better than giving speeches or reports. If we insist on doing things in the people's interest, solving the most pressing problems according to the people's opinions, the people will learn from the change in their vital interests the sincerity, resolution, and capability of the party and government in serving the people, and believe that the reform has everything to do with their interests so that they will further rally around the party and government and take part in the reform and construction with greater faith and courage.

Commentary Preview 7th NPC's 2d Session
HK1403031489 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1246 GMT 13 Mar 89

[“Commentary” by Yao Wang (1202 2598); “The Basic Theme of the People's Congress: Brace, Firm Up Confidence”—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 12 Mar (ZHONGGUO TONGXUN SHE)—The atmosphere of the People's Congress will impact the whole country. Displaying vigor and firming

up confidence will be the basic theme of the congress. Reports say that this is the basic theme set by CPC General Secretary Zhao Ziyang for the forthcoming Seventh National People's Congress [NPC] and Second Session of the Chinese People's Political Consultative Conference [CPPCC].

It is early spring now, but viewed from the domestic situation it seems as if it were a busy autumn. The trend of price increases that started last year has not stopped but is beginning to weaken; a group of intellectuals jointly signed a petition for the release of “political prisoners,” and serious riots took place in Lhasa, Tibet. Apart from these, there are other problems such as how to strengthen education work, how to reinforce security, and whether the Three Gorges Project should be carried out. These problems have caused much worry and controversy among the people.

Of these problems, price increases are affecting everyone and every family; no one in the country is not concerned about price increases. Other problems are not producing such an extensive and direct impact on the people as price increases. Because the mainland press has given limited coverage of these events, ordinary people do not know much about them. But CPC leaders, particularly top policymakers, are quite clear about the background, degree, and influence of these problems. This can be proved with the following facts: According to reports, Deng Xiaoping, Zhao Ziyang, Li Peng, and Wan Li recently made remarks on different occasions stressing the necessity to maintain the country's political stability. Deng Xiaoping recently said that if China wished to continue its reform, there must be a stable political environment; without this political environment, nothing will be accomplished.

Judging from the present situation, the CPC has made up its mind to tackle fundamental issues. These fundamental issues are improving the economic environment, rectifying the economic order, and deepening reform. This is the “hope for solving China's problems” (Deng Xiaoping's remark). As to other problems, they will not be left unattended or given large-scale advocacy. Under the present circumstances, price increases, the position and treatment of intellectuals, security, and the relationships between different nationalities cannot be solved in one move. Only when the economic environment and order have improved, reform has produced certain results, and the country's economic strength is powerful, will there be a possibility to solve other problems.

Reports say that Li Peng will deliver a government work report to the forthcoming NPC, and the larger part of the report will deal with domestic issues, focusing on improving the economic environment, rectifying the economic order, and deepening reform.

Of course, unanimity of understanding should be reached on these points: Problems that are difficult to solve for the time being should not be given too much

advocation so that the people will not lose their confidence. But we should not say that comments on these problems will cause unrest and instability. Open-mindedness, magnanimity, and providing opportunities for speeches and views are the signs of strength and confidence. Explicitly and thoroughly explaining problems to the people will be beneficial to political stability. Wan Li said several days ago that the forthcoming NPC will give full play to democracy and allow the free airing of views so that everyone can make suggestions, think of methods, and draw on each other's wisdom. Undoubtedly this is a wise decision.

Ministers Must Answer NPC Deputies' Questions
HK1403094189 Hong Kong HONGKONG STANDARD in English 14 Mar 89 p 1

[By Tammy Tam of the China Desk]

[Text] Chinese Government ministers will be obliged for the first time to answer inquiries of deputies in the forthcoming National People's Congress (NPC).

Replies will be made compulsory and established as a system equivalent to question time in Western parliaments.

Until now, the ministers have answered questions if and when they chose, said a Hong Kong deputy to the NPC, Mr Ng Hong-man, adding: "Greater glasnost is needed for the NPC."

Last month, vice-premier Wu Xueqian and foreign minister Qian Qichen were summoned to the NPC Standing Committee to explain the Government's decision of sending the foreign minister to attend the funeral of Japan's late emperor.

This has set a good example of senior officials answering enquiries by legislators, Mr Ng said.

"In the past, senior officials sometimes came to answer our enquiries. It is good to make it a system," said Mr Ng. He is not so pleased, however, by still not having received a copy of Premier Li Peng's government work report. Other local NPC deputies contacted yesterday also said they had not received the report. "Last year, I got the work report about two weeks before the NPC meeting. But this time I don't think I will be able to read the report before I go to Beijing," Mr Ng said.

"This adds to deputies' difficulties in making comments on the report."

The coming NPC session will also attempt to consolidate multi-party cooperation.

More non-Communist Party figures will be invited to work with the Communist Party in the State Council in running the country.

Communist Party general secretary Zhao Ziyang recently stressed the importance of seeking help from the democratic parties.

Sources in Beijing said that more non-Communist figures would join the leading positions at ministries of science, education and culture.

Reports from Beijing said Mr Rong Yiren, chairman of the non-party All-China Federation of Industry and Commerce and chairman of the powerful China International Trust and Investment Corporation would be approved as vice premier by the NPC.

If this happens, it will be the second time that a non-Communist Party member has held the position of vice premier in about two decades.

In early 1950s, about one third of officials at the ministry level were non-Communist Party members. However, all of them lost the positions during the Cultural Revolution.

Mr Ng said non-Communist membership did not mean a great change in the political system. "The Communist Party is still the leading force. China's multi-party system is greatly different from that in the West."

Commentator's Article on Tree Planting Festival
HK1403081789 Beijing RENMIN RIBAO in Chinese 12 Mar 89 p 1

[Commentator's article: "It Takes Ten Years To Grow Trees"]

[Text] March 12, which is an ordinary day, has become a festival with special significance since it has been linked with tree planting and the afforestation of the motherland.

Today our great motherland has witnessed the 11th Tree Planting Festival. Thousands upon thousands of people will go all out to plant trees on this day to add attraction to another spring of the motherland.

As the saying goes, "it takes ten years to grow trees." Over the past decade, the party and nation have worked hard and made a great deal of fruitful effort to afforest and decorate the rivers and mountains of the motherland and have achieved remarkable results in planting trees and growing grass. However, we should also be aware that the development of the nationwide voluntary tree planting drive is uneven. The number of people throughout the country who have taken part in the tree planting drive every year account for only one-third of the quorum. A number of units of some villages and cities have not yet carried out the voluntary tree planting drive. This shows, from one aspect, that it is still an arduous task to extensively mobilize the society to engage in afforestation.

It is a decision made by the National People's Congress, the highest organ of power, to carry out a nationwide tree planting movement. It is a compulsory task prescribed by law and the glorious duty of every able-bodied citizen. In view of the "leftist" mistakes in the past, we will not launch any "movement." However, we have encouraged the launching of a movement in planting trees because we need to mobilize millions upon millions of people to take part in the drive year in year out. The fact itself indicates the determination of the Chinese people in planting trees and afforesting the motherland.

We cannot upgrade people's understanding of afforestation and tree planting merely by holding some meetings or making some mobilization reports. Viewed from the practice of some advanced units, ideological mobilization work is necessary to deepen the nationwide voluntary tree planting drive. Moreover, it is also important to afforest the country according to law. Some localities have implemented the afforestation target responsibility system for leading cadres, made careful assessment, and rewarded and punished the cadres accordingly. Regarding the units or individuals who refuse to perform their duties without any reason, they are penalized in light of the economic development level of each locality. We should sum up and spread these experiences.

The peasants are the vital force for China's afforestation. Without their participation, it will be impossible to afforest the country. At present a considerable number of peasants have misgivings about afforestation because of the changeable policies in the past. They lack confidence in afforestation because they cannot see any forests though they have taken part in planting trees every year. The prerequisite for conducting ideological work in this regard lies in ensuring the rights of forests and mountains and seriously implementing the forestry policy. Only when the peasants are reassured will they have enthusiasm for afforestation. The indiscriminate felling of trees which spread in spite of the measures adopted to check it has seriously damaged the valuable wealth of the state and encroached upon the just interests of the peasants. The governments in all localities should do their utmost to solve this problem.

To encourage the whole society to develop forestry and all people to engage in afforestation, it is necessary to pay attention to the following work: First, in accordance with the stipulations of the National Afforestation Committee, afforestation work should be done well in light of the systems and departments. The coal, railway, communications, water conservancy, petrochemical, nonferrous metals, light industry, civil aviation, education, and farm reclamation departments, and the PLA [People's Liberation Army] and armed police should pay attention to afforestation, work out plans, and fulfil the tasks. Second, the departments and enterprises that use timber as raw materials should uphold the principle of whoever uses timber should plant trees and establish raw materials bases. The enterprises that use bamboo as raw materials should gradually attain the level of self-sufficiency

in bamboo. Third, adopt overall measures and mobilize society to make concerted efforts to reduce the consumption of timber.

So long as we correctly sum up and apply the experience of the past decade, extensively mobilize the whole society to engage in afforestation, win victory in every battle, and make substantial progress every year, and, provided the leading cadres at all levels attach great importance to the work, after a couple of tree planting festivals, our great motherland will become more beautiful with the luxuriant green trees.

Women Urged To Face Challenge of Society, Times HK0803133589 Beijing RENMIN RIBAO in Chinese 8 Mar 89 p 1

[Commentator's article: "Facing the Challenge of the Times—Commemorating International Women's Day"]

[Text] On 3 March, 80 years ago, women workers in Chicago rose to struggle for their human dignity and human rights under the conditions of humiliation and inequality. Women, as independent human beings, challenged society.

Today, 80 years later, Chinese women are again faced with another historic choice amid the surging tide of reform. This time, the times and society challenge the women.

The socialist system in our country, as well as our country's Constitution and implementation of a series of policies, laws, and regulations for protecting and ensuring the rights and interests of women, provides extensive opportunities and guarantees for women to play a role in society and enables a large number of women in our country to achieve an independent economic and political position and to bring their talents and abilities into play. The achievements of women in the new China of the past 40 years are of great importance not only for women to realize their own value but also for the entire society to judge and affirm the significance of women's participation in society. Practice shows that Chinese women have become an indispensable force in the building of the two civilizations in China. The participation of women in our society has made our life more colorful, harmonious, vigorous, and enchanting.

Reform in the past 10 years has brought about profound changes in our society, and these changes have also had an impact on the women of our country and have posed a challenge to them. Many women are accustomed to a life-style determined by old social customs and have been playing a fixed role dictated by the old conventions. However, reform has brought about changes in the social structure, people's life-style, thinking, and values and norms. The introduction of the competition mechanism in social life also prompts every woman to make her own choices and decisions and to compete as an independent person. Every person is now being selected by society, so women should also renew their understanding of their

own demands, abilities, and value so as to select the most suitable life-style (including trade and job). Only thus can they be more serious and positive about competing. This is the challenge posed by society to the Chinese woman and is also an opportunity provided by society for women.

When facing this challenge, some women feel perplexed because they have not yet made the necessary psychological preparations for such social changes or for competing and still lack the necessary knowledge and skills. Some of them are even at a loss and are rather anxious. However, most women welcome the changes brought about by reform and are gradually adapting themselves to the competitive environment. Reform has increased women's competitive power and has also aroused women's consciousness as being independent human beings, which had been diluted or even suppressed for a long time.

A serious problem that obstructs women's ability to compete is the unequal conditions of competition in society. Women shoulder dual burdens in social production and human reproduction. As social welfare undertakings are not developed in our country, almost all women have to be responsible for most household chores and for taking care of their children and their families. Tedious household chores diminish women's energy and resourcefulness to a serious extent and constrain the career attainments of most women, especially those in the upper stratum. At the same time, because some outworn concepts and prejudices persist, and also because many of the actual difficulties of women cannot be effectively solved, women still face discrimination and unfair treatment in education, political participation, and employment. As some people have said, at present, women bearing heavy burdens are racing with men with light packs. Serious attention should be paid to this issue. We call for the creation of equal social conditions for women so that they can compete.

At present, it is more necessary than ever before for Chinese women to develop their self-respect, self-confidence, self-strengthening ability, and an independent spirit; to bring their advantages into better play; to tap their potential intelligence and creativity; and to improve their own quality in competing. They should make themselves new-type women with lofty ideals, moral integrity, a good education, and a sense of discipline, who are able to compete and participate in social, political, and economic life. The National Women's Federation has commended 1,008 outstanding women and 504 outstanding women federation cadres. They have all made creative achievements on various fronts and at various work posts, and they are able to adapt themselves to the times and to reform. Their achievements are acknowledged and praised by society.

All Chinese women, pick up your courage and bravely accept the challenge of the times!

Female Cadre Numbers Increase in Numbers
HK0903145489 Beijing RENMIN RIBAO in Chinese
7 Mar 89 p 1

[Report by Yuan Fang (3293 2397): "China Has More Than 8.7 Million Female Cadres"]

[Text] In the course of reform over the past 10 years a large number of talented women have been promoted to various leading positions. At present there are a total of about 8.7 million female cadres at various levels throughout the country. The number of female cadres has increased by 94.6 percent since 1978.

Many outstanding female cadres are holding important leading posts. Since 1978, the number of female cadres at and above the county magistrate (or bureau chief) level has increased by nearly 300 percent and has reached 70,000. Some of these are now principal leaders of various central departments, ministries, and state commissions, and some have been elected as principal leaders of provincial, prefectural, and county leading bodies. Many female cadres have been appointed as directors and managers of various enterprises and companies after competing with other job applicants.

Female professionals and backbone technicians have also increased sharply. At present there are nearly 7 million female professionals and technicians in all fields throughout the country, accounting for more than one-third of the total number of professionals and technicians. The number of senior and mid-level female professionals and technicians is now 1.28 million, or 34.7 times the number 10 years ago. The female professionals and technicians are playing an increasingly important role on the industrial, scientific research, educational, cultural, public health, and other fronts. They have become an indispensable major force in our country's modernization construction.

Reform has also posed a new challenge to women. Some people point out that because of the influence of old customs which discriminate against women and the failure to maintain protective measures, the situation regarding women's political participation is still unsatisfactory. Many female cadres are "deputy chiefs" and relatively few female cadres are "chiefs." In addition, how to compensate for women who are affected by childbearing is also an urgent issue that we should solve in training and promoting female cadres and in optimizing labor makeup.

State Council Discourages National Day Meetings
OW1003125889 Beijing XINHUA Domestic Service
in Chinese 1350 GMT 9 Mar 89

[Local Broadcast News Service]

[Text] Beijing, 9 Mar (XINHUA)—The General Office of the State Council yesterday issued a circular asking all ministries, commissions, and departments directly under the State Council to strictly control all kinds of commendation meetings.

The circular says: This year marks the 40th anniversary of the founding of the PRC. The CPC Central Committee and the State Council have decided to hold a national meeting on the eve of National Day to commend model and advanced workers in all trades and professions and on all fronts who have made outstanding contributions to reform and construction. It has been learned that some departments are also preparing to hold their own commendation meetings. Holding commendation meetings in every department and at every level will strain communications, supplies, and hotel accommodations in the cities and will greatly waste our manpower, materials, and financial resources. It will also increase the work load of grassroots units because there will be frequent evaluation tasks. Furthermore, it will interfere with the normal work of the model workers because it will involve them in many meetings.

In accordance with the instructions of the leading comrades of the State Council, the General Office points out: All departments should refrain from holding any kind of commendation meeting this year. If individual departments have a real need to hold a commendation meeting, they should apply, in accordance with the relevant regulations, to the State Council for approval. Individual departments wishing to commend advanced personnel should try to use telephones, television, radio, newspapers, and other modern propaganda media. Postal and telecommunications, radio, motion picture, television, and other propaganda departments should offer active support to such efforts and provide them with convenient services.

The circular also asks the people's governments of each province, autonomous region, and municipality to act in accordance with the above guidelines and strictly control the holding of commendation meetings.

Military

Raised Conscription Age Limit Enforced
*HK130306189 Hong Kong HONGKONG STANDARD
in English 13 Mar 89 p 1*

[By Tammy Tam]

[Text] The conscription age limit for urban Chinese youth has been extended by one year to 21 because of the increasing difficulty of finding willing recruits, the HONGKONG STANDARD has learned.

Under the new regulation, healthy people aged 18 to 21 must join the 3.5-million strong People's Liberation Army (PLA). The regulation, which has been given little publicity, is now being enforced throughout the country.

Although a place in the military was once eagerly sought after, the phenomenon of young people vying with each other to enlist has faded.

Authorities have complained recently that too many unsuitable recruits are being accepted. One group of 150 recruits in northern China turned out to be largely made up of criminals, including a murderer and an escaped convict, while others were deaf, partially sighted or schizophrenic.

In Guangzhou, recruitment is heating up as a new conscription drive continues. More than 14 propaganda points have been set up in streets of Guangzhou to promote the prestige and glory of becoming a PLA soldier.

Not everyone is convinced, and some of those joining display less-than-noble reasons for doing so.

"I want to be a PLA man because of fun," said Mr Chen, a taxi driver who has just passed the health check up.

"I'd like to learn how to use guns. I think a young man should have some knowledge on weapons. In case war time comes, I can do something for the country."

A factory worker said he was driven to join by the housing shortage.

"Under the current policy, I can come back to my unit after two or three years military service and then my housing problem can be solved because the government should take care of retired soldiers," he said.

"I don't want to go," said a private businessman who had just refused an invitation to join up.

"The life in the Army is too hard and there is not much to learn there because our weapons are not advanced enough. I think I'd better make more money and I can also serve the country in this way."

A Guangzhou-based journalist said the low-paying Army was losing its attraction to young people.

"Moreover, the current conscription law stipulates that retired Army men should go back to their original region and this discourages many rural young people, who were once the major manpower sources of the Army," he said.

China spent 20 billion yuan (HK \$40 billion) on the military last year, a tenth of the national budget.

Mr Zhao Nanqi, director of the General Logistics Department of the PLA, said earlier the state could only provide the Army with 70 percent of its food expenditure. The other 30 percent was the Army's responsibility.

The current conscription drive has been plagued with problems.

"In order to fill the quota, the applicants do not have to take any written test but only a medical check up, which is usually done in a casual way," the journalist pointed out.

Regulations Issued on Transfer of Dependents
HK1103080289 Beijing RENMIN RIBAO in Chinese
9 Mar 89 p 2

[XINHUA report: "State Council, Central Military Commission Issue Regulations on Transferring Residence of Rural Families of Army Officers to Urban Areas"]

[Text] The State Council and Central Military Commission have recently stipulated that some rural dependents of officers in the PLA coast defense may transfer their residence to urban areas.

A joint circular by the Ministry of Public Security and the PLA General Political Department sanctioned and relayed by the State Council and Central Military Commission says that, the PLA frontier guards, units stationed on islands, in deserts, and remote border areas have taken up the arduous tasks of building and safeguarding border and coast defense. Because of the limited conditions of the areas where they are stationed, some officers' dependents, who have met the requirements for living in camp are prevented from doing so. Such a situation has brought many difficulties to these officers and their families. Allowing this group of rural dependents of officers, who have met the requirements for living in camps but are unable to do so, to transfer their residence to the urban areas, while making suitable work arrangements for them is favorable to settling the officers' minds at ease as well as the building of Army units stationed out in border areas.

The circular requires all localities, departments, and units to start from the situation of consolidating border and coast defense and national security, and to actively implement the regulations by providing conveniences for those rural dependents of officers in transferring their residence to the urban areas, going through the procedures of obtaining grain and oil supplies for the urban populace, and making arrangements for their work, and schools for their children.

Li Xiannian's 1942 Speech on Military Style
HK1303093589 Beijing JIEFANGJUN BAO in Chinese
23 Feb 89 p 3

[Article by Li Xiannian (1861-1918): "Improve Military Style"—This speech was delivered by Li Xiannian at the meeting of military cadres of the 5th Division of the New 4th Army in October 1942. It was included in "The Selected Works of Li Xiannian"]

[Text] The party Central Committee set demands on better troops and simpler administration, regularization of troops, and opposition of bad guerrilla habits, with a view to improving military style, consolidating and developing the troops, and enhancing combat effectiveness. These principled demands are extensive in substance. Now I would like to emphatically speak on some points.

I. Oppose the practice of disregarding organization and discipline and bad guerrilla habits. Obeying orders and carrying out the decisions of higher authorities are the important guarantee for an army to vanquish the enemy and also the minimum requirement for building a revolutionary army. Otherwise, the orders and decisions of higher authorities can be totally overthrown; discipline, rules and regulations, and principles ignored; each does things in his own way or as he pleases; if something goes wrong, no one cares about correcting it. Can an army in this manner still be considered an army? For such an army, consolidating, developing, and enhancing combat capability is out of the question. It is like a plate of loose sand. When the wind blows, the sand will fly up and scatter. It is like a flock of crows, when the grass stirs, the crows will flee in disorder. This is the so-called "motley crowd" vulnerable to any blow or attack.

It is all the more necessary for the 5th Division to oppose the practice of disregarding organization and discipline and bad guerrilla habits and to achieve troop regularization. This is because we are in the enemy's rear and the troops are scattered in the weakly defended railways, highroads, and river banks in the enemy-occupied areas to carry out activities. Hence, they are highly movable. Objectively, the unified command and management of units at all levels is hindered and the troops have to carry out their activities more independently. Some troops have carried out their activities independently for 1 month or longer because they failed to keep in contact with their superiors and so has the latter with the former. At the same time, the troops are more often than not in financial difficulty. Therefore, all brigades and regiments must solve their own problems such as provisions and bedding and clothing, by relying on their own efforts and in the spirit of plain living and hard struggle. Under these circumstances, to ensure the combat effectiveness of our troops and to maintain and expand the good political influence of our Army among the masses of people, on no account must we weaken our sense of organization and discipline in the least. We do not deny that commanders at all levels have acted basically following their superiors' instructions and plans. However, since the beginning of this year, some problems have revealed themselves. politically unfirm, weak-willed, and undisciplined, some cadres carrying out their activities independently succumbed to liberalism and developed bad guerrilla habits. As everybody knows, the conduct of our cadres at various levels must be organized ones, and their conduct must at least get their superiors' consent. However, using the assertion that a certain intended area is important and it is imperative for them to go as an excuse, some cadres leave the principal force without permission for one or several months at a time. When it comes to handling affairs, we have a set of rules and regulations for asking instruction beforehand and submitting reports afterward. When activities have to be carried out in a scattered and independent way, it is unnecessary and impossible to ask instructions beforehand and submit reports afterward in everything in our ordinary work but as far as major issues are concerned,

we must follow such a practice. However, on matters of great importance, some cadres in our Army "act first and report afterward" or even "act without reporting." Some units submit the bills in which they included the larger amounts of expenses at will to their superiors for approval. If the later do not approve, this is already an accomplished fact and if they approve, this is not in conformity with the financial system. Again for example, if a superior orders transfer of cadres, guns, and funds, those who receive the order would not oppose in his face but always grumble and curse behind his back. More seriously, some people influenced by all sorts of social malpractices even had abominable behavior, such as hooliganism and corruption. If these mistakes are not firmly corrected, they will seriously affect the consolidation and development of our troops. Therefore, we should not regard them as unimportant.

2. Oppose the tendency of being unwilling to do political work. Currently, among military commanding offices there prevails a view asserting that it is so difficult to do political work that nobody is willing to do it, particularly, to become political commissars. In their eyes, political commissars are supposed to assume responsibility for all political work and to have a good grasp of the party's policies. In a unit, if something goes wrong in terms of policy and principle, its superiors will call for a reckoning with its political commissar. If one is not a political commissar, he can claim he has nothing to do with the error and still can boast and make some sarcastic comments from the side lines. Even if he is criticized, he still can bear less responsibility. This view is wrong. It must be understood that as a revolutionary, you must do whatever the revolution demands of you. In particular, as a Communist Party member, as the party assigns you to do political work, you must accept it happily, and moreover, try your best to do the work well. Apart from being responsible for military command and education, a military commanding officer must do political work. Ours is an integral Army under the leadership of the party. If there is something wrong with the Army's work in terms of policy and principle, it is only natural that principal responsibility should rest with cadres in charge of political work but cadres in charge of military affairs must also bear certain responsibility. On no account must they shift the responsibility for shortcomings and mistakes occurring in the work to others. A commander who is unwilling to do political work and takes no initiative in investigating and overcoming erroneous tendencies in the Army is not a good commander and a revolutionary true man.

3. Oppose the practice of priding oneself on his merits. Communist Party members must be modest. Successes in all our undertakings are achieved by the entire party as well as cadres and people rather than by individuals. We should not regard successful undertakings as private belongings. However, in our revolutionary camp, some individuals are fond of boasting about their roles. They always rush to be the first in all respects, and even view the successes made by the organizations as theirs for fear

that the party and others will not know them. This is out and out individual heroism and ostentation. More often than not, people in this category like to attack others so as to build themselves up and say nothing in the face of others but curse others behind their backs. He who prides himself on his merits has another serious shortcoming—he likes others' flattery and especially likes to hear praise from his superiors for his work performance and particularly likes to be praised on an occasion of a large gathering of people. On the contrary, if criticized, he would feel bad like having a pail of cold water poured on his head in the coldest days of winter and try every possible means to conceal and even shift his mistakes to others so as to at least lighten his responsibility. He would say: The criticisms of the superiors are entirely correct (he dare not confront his superiors) and I have said and planned so in the past but a certain unit, department, or individual did not follow what I had said and planned, hence, there are mistakes in our work as seen above. In the future we should do so and so. Using high-sounding and clever language of this kind to shift one's mistakes to others is tantamount to saying: It is he who burned the "joss sticks" and others who smashed the "drum." If we say that he both burned the "joss sticks" and smashed the "drum," he would surely say: "I have never entered the gate of a temple." He who has this erroneous view must correct it and rein in at the brink of the precipice. Otherwise, he would fall from the precipice to death or fall into and be drowned in a vast expanse of water. Zhang Guotao was a person of this kind. We cannot say that he made no contributions to the development of the 4th Front Army and base areas but he claimed credit to himself and became arrogant and persisted in his errors. As a result, he betrayed the revolution and turned into a class enemy. This entirely proves that he who prides oneself on his merits and is out for individual heroism and ostentation will be in grave danger if he does not correct these erroneous things conscientiously.

4. Oppose sectarianism. In the use and promotion of cadres, some leading cadres in our Army judge if the cadres to be promoted are obedient and loyal to them rather than judging their records of past struggle, political conditions, and ability to handle work in accordance with the party's policies. They would use and promote cadres who flatter them, thus forming a system of private relations. Moreover, there are lower-level cadres who like to faithfully follow certain individual superiors rather than the party and they do not respect their higher-level organizations. I have encountered an instructor in a certain battalion who was precisely such a person. According to reason, apart from following the instructions of senior officers of the regiment, a battalion instructor should also respect leading cadres of his political department. However, having committed many mistakes, this instructor went further so as to say: You do not understand me and only a such-and-such senior officer understands me and he has never said that I am wrong. The implication was that the political department was not qualified to criticize him. The senior

officer whom the instructor trusted was standing by his side but instead of criticizing him, he said: "That is his temper but he is still capable in handling affairs." This added fuel to the flames. Consequently, this cadre ran amok all the more. The phenomenon I have just mentioned above was the result of both the naivete or impure motives of lower-level cadres and the system of private relations formed by a small number of leading cadres at the higher level. This backward idea and behavior are sectarian tendencies within the party. If they are not eliminated thoroughly, the party will suffer grave losses.

5. Oppose the tendency of looking down upon study. In the 5th Division, some cadres have a very weak desire for study. They neither read books to constantly raise their cultural levels, nor do they thoroughly study problems and strive to make progress. They keep the books distributed by their superiors in their boxes and never read them. I call these kind of people "Marxist-Leninist preservers (bao cun 0202 1317)." Some military commanders and veteran cadres, with comparatively long records of struggle, are content with the experiences of their own struggles. This presents a hindrance to their development in the political field. Times have changed and the methods of revolutionary struggle are not immutable forever. The things mastered in the past are not necessarily suitable today. Without studying political theories, using political theories to guide one's actions is out of the question. Military knowledge is also not immutable. It develops along with the development of technology and weapons and also changes along with the change of the strength of ours and the enemy's. From 1939, in our border areas, we began to conduct activities in the enemy's rear areas using guerrilla tactics. During this period, our tactics underwent a gradual change, from small troop guerrilla warfare to large formation guerrilla warfare and sometimes even to large formation mobile warfare. This being the case, we should attach importance to study so as to adapt ourselves to the changed situation. On no account must we stay at a fixed stage and be self-confident. We must study hard and strive to make progress. Otherwise, we will fall behind others and surely suffer setbacks.

By citing a large amount of undesirable phenomena and views above, does it mean that this is the case with the entire or the majority of our cadres? Of course not. The cadres with such problems constitute just a minority. By saying so, I just expressed my worries, and moreover, I do not have the courage not to tell you. You should not interpret what I have said as going too far. There are indeed such undesirable phenomena and erroneous views around us. Today I seriously address them in the hope that you all will look inward and correct mistakes if you have made any and guard against them if you have not. Otherwise, if allowed to develop unchecked, they will constitute the greatest impediment to the consolidation and development of our Army and impair the great cause of resistance against Japan now being carried out by the party and the people.

Military Commission Designates Navy Day
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13/7 GMT 11 Mar 89

[Text] Beijing, March 11 (XINHUA)—The Central Military Commission has designated April 23, 1949 as the day when China's Navy was founded, the "LIBERATION ARMY DAILY" reported today.

The Navy is part of the People's Liberation Army (PLA). The Navy force of the East China Military Area Command, the first naval unit of the PLA, was formed at Baimamiao Township, Taizhou City, in east China's Jiangsu Province on April 23, 1949.

Economic & Agricultural

'Major Contents' of Minutes of Economic Meeting
HK1303142389 Beijing RENMIN RIBAO in Chinese
8 Mar 89 p 2

["General Office of State Council Transmits Minutes of Seventh Meeting of State Council's Leading Group for Economic Development of Poverty-Stricken Areas"]

[Text] With approval of the State Council, the General Office of the State Council recently transmitted the "Minutes of the Seventh Meeting of the State Council's Leading Group for Economic Development of Poverty-Stricken Areas." Major contents of the minutes are as follows:

The State Council's Leading Group for Economic Development of Poverty-Stricken Areas convened the seventh plenary meeting on 1 February 1989. During the meeting, the present economic development situation for poverty-stricken areas was analyzed, and the major tasks and measures to be taken in the last 2 years of the "Seventh 5-year Plan" were discussed.

1. Present Situation and Major Tasks in the Last 2 Years of the "Seventh 5-Year Plan"

The State Council proposed to solve people's food and clothing problems of the majority of poverty-stricken areas 3 years ago. In these 3 years, the economic development of poverty-stricken areas received close attention from party committees and governments at all levels and wide support from all sectors of society. The achievements were remarkable. Up to the end of 1988, about 60 percent of poverty-stricken households under support of various provinces and regions had solved the food and clothing problems, and one-fourth of over 300 poverty-stricken counties specially supported by the state had surpassed the minimum requirement for food and clothing.

Now the questions are: First, though the poverty-stricken households have reduced in number, those whose food and clothing problems have not been solved are mainly concentrated in areas with poor natural conditions and a

lower social development level, including national minority areas, reservoir areas, mountain areas, areas where natural disasters often take place, and areas lacking sources of water. It is more difficult to support the poor in these areas, and the solving of the food and clothing problems in these areas has entered a decisive stage. Second, though the food and clothing problems have been solved in some poverty-stricken counties, the degree of improvement is very low and unsteady. There is not any fundamental changes in the level of social productive forces, and there is an expanding difference between these areas and advanced areas. We must exert enduring and arduous efforts to steadily solve the food and clothing problems and form an actual capability for self-development.

For this reason, the main tasks in the last 2 years of the "Seventh 5-Year Plan" regarding the economic development of poverty-stricken areas throughout the country is: Thoroughly implement the relevant documents of the State Council, further adopt strong measures, concentrate all the power to solve the food and clothing problems, and work hard in realizing the goal of solving the food and clothing problems of most poverty-stricken areas within the period of the "Seventh 5-Year Plan" in accordance with the spirit of the 3d Plenary Session of the 13th CPC Central Committee. And under this basic prerequisite and following the principle of classified guidance, we should continue to support poverty-stricken counties which have surpassed the minimum requirement for food and clothing. While consolidating existing achievements, we can shift from supporting thousands of households in solving the food and clothing problems, to linking the efforts of various sectors to support key undertakings, so that the per capita net income per annum in most poverty-stricken areas, where the food and clothing problems have been solved, can approach or attain the average level of their own province or region as soon as possible.

2. Adopt Strong Measures To Achieve the Goal of Solving the Food and Clothing Problems in Most Poverty-Stricken Areas Within the Period of the "Seventh 5-Year Plan"

1) Provinces and regions have to conduct all-around analyses and put into categories the leading bodies of counties, townships, and villages not having solved their food and clothing problems. Those leading bodies which are incapable of fulfilling the task of tackling the most difficult problems should be promptly regulated so that the fulfillment of the task will not be delayed.

2) To fully display the function of the loans with interest deduction [tie xi dai kuan 6317 1873 6313 2949] specially for supporting the poor in solving the food and clothing problems of poverty-stricken households, speed up the circulation of funds and improve the returns, the loans are to be recovered on the due date by provincial organizations to be used as working capital for development projects supporting the poor.

3) Promote the planting of sheeting hybrid corn [di mo za jiao yu mi 0966 5229 7177 0074 3768 4717] in order to promptly solve the food problem of high and cold mountain areas as well as arid areas.

4) To tackle the problem of lacking sources of water for man and animals in poverty-stricken areas and properly arrange the livelihood for migrants in reservoir areas are significant factors for solving the food and clothing problems. Relevant departments at all levels should treat the preventive work against local diseases in poverty-stricken areas as key tasks.

5) This year, the relevant departments of the State Planning Committee should, in accordance to the State Council's decision on making use of 600 million yuan of medium- and low-grade industrial products as relief to continue solving the problems of communication and water-supply for man and animals in poverty-stricken areas, promptly arrange for funds and materials needed and make specific planning for implementation.

6) Further mobilize the state ministries and commissions to offer help at fixed locations in provinces and regions in the northwest and southwest where the poverty-stricken areas are large and the situations are special. Also, the function of party and government organs at all levels, mass organizations, industrial and commercial enterprises, scientific research units, post-secondary institutions, democratic parties, the PLA and other sectors in society in supporting the poor should be fully displayed.

3. Assist Poverty-Stricken Counties Which Are Tackling the Food and Clothing Problems To Shift to a New Economic Development Stage Based on Developing Regional Economy

During the meeting, it is held that the economic development of poverty-stricken areas is a long-term historical task. To achieve this task, we have to work out two steps: The first step is to strive for solving the food and clothing problems in a shorter period of time; and the second step is to develop regional economy by making enduring great efforts in order to get rich gradually. Without the development of the regional economy, it is impossible to stabilize or solve the food and clothing problems, nor fundamentally remove poverty and backwardness. Therefore, we must shift to the second step of economic development in due course after accomplishing the first step.

4. Concentrate on Using the Existing Funds and Materials for Supporting the Poor To Enhance Economic Returns

1) The State Council has decided not to reduce funds for supporting the poor despite the fact that the financial and credit funds are very tight this year. Local governments at all levels also have to adhere to this principle. Those which possess necessary conditions should increase their funds; and those lacking conditions should not reduce their funds.

2) In order to better manage and use funds for supporting the poor coming through various channels, and improve the economic results, the State Council's instructions with regard to gathering all the funds for supporting the poor to be used together must be seriously enforced.

3) All levels of organizations for development and supporting the poor, funds and material management departments, and auditing and supervision organs have to strengthen their supervision and checking over funds for supporting the poor and the use of materials. Also, they have to announce the results of checks periodically to enable the society to exercise supervision. Corruption, misappropriation, privately sharing profits, reselling, and all kinds of acts for earning money with one's authority must be promptly and clearly investigated and seriously punished.

5. Properly Operate Economic Entities for Supporting the Poor, Develop Horizontal Coordination, and Establish a Highly Profitable Return and Investment Mechanism

To establish economic entities for supporting the poor and develop cooperation between advanced regions and poverty-stricken areas are two important reforms proposed by the State Council. The purpose of the reforms is to improve the composition of production factors of the country, and establish an investment and returns mechanism with high returns to speed up the economic development of poverty-stricken areas. Therefore, these two reforms must be further deepened and perfected.

6. Strengthen Leadership, Perfect Administrative Bodies, Continue To Properly Conduct Training Work

1) All levels of governments in relevant provinces and regions should continue to regard the work of supporting the poor as an important economic and political task. Comrades mainly responsible for this task must handle it personally, directly concentrate on work at selected units, organize forces, and strengthen leadership. At the same time, they must perfect organizations at all levels responsible for supporting the poor and developing poverty-stricken areas, increase the number of capable cadres, fix the size and number of staff, establish a stable and highly efficient work team, and provide working conditions and necessary funds for activities.

2) During this year and next, we have to continue persisting in the training of county, township, and village cadres in poverty-stricken areas. Places where there are difficulties in providing funds for training township and village cadres in rotation may seek help from development funds for supporting backward areas and funds for technological training in coordination with loans with interest deducted specially for supporting the poor. At the same time, various places have to support the poor with the help of science and technology, actively develop vocational training and adult education, and provide extensive teaching to

the peasants concerning practical technologies and basic management knowledge in order to constantly improve the quality of production operators.

Negative Effect of Price Subsidy Policy Viewed

HK1203081089 Beijing JINGJI RIBAO in Chinese
27 Feb 89 p 1

[Article by reporter Xie Zhenjiang (6200 6966 3068): "Price Subsidies: Where Have They Gone?"]

[Text] China has subsidized prices over the past 30 years. Now the state has to allocate more than 30 billion yuan every year to subsidize prices. However, it is interesting that a total of hundreds of billions of yuan has been allocated in this regard over the years and it remains a mystery where the subsidies have gone.

Over the past 30 years the life of the Chinese people has been closely regulated with various kinds of price subsidies. In the state's financial budget, urban residents have subsidies for grain and edible oil, peasants have subsidies for chemical fertilizers, pesticides, plastic sheeting, and other means of production, and students have subsidies for their textbooks. In addition, the prices of cotton (for clothes), hide (for shoes), soap (for washing faces), and paper (for newspapers) are subsidized. There are also price subsidies for industrial and mineral products. Moreover, citizens have been enjoying subsidies on meat since 1985.

Let us now analyze grain, the most typical item which contains the largest amount of subsidies.

The subsidies for grain, introduced in 1960, were the first that the government offered citizens. At that time the government subsidized the prices of grain sold by rural production teams after fulfilling the purchase quotas. The policy remained unchanged until 1985. With the disintegration of the production teams, the method of subsidy changed to proportional price subsidy. In other words, the grain sold by the peasants, above or within quotas, was all subsidized. To encourage the peasants to grow more grain, the government raised the purchase price in 1979 and state finance made up the difference between the original state purchase price and the new price which was called a subsidy for price increases of grain. Moreover, there were also subsidies for commodity circulation expenses, excess storage of grain, and storage expenses.

How much did the state actually subsidize for so many items? According to a 1987 calculation, the purchase price for each 100 kg of grain was 60.60 yuan, while the marketing price was 28.40 yuan. The subsidies were 32.20 yuan on average.

The sum of subsidizing 30 yuan for every 100 kg of grain is not big by itself. But when multiplied by the large population, the annual amount of state subsidies becomes alarming. To ensure market supply, the state

has to purchase around 65 billion kg of grain at original and negotiated prices. In this item alone, the state subsidies totaled 27.6 billion yuan.

From a general point of view, every citizen living in Mainland China has benefited from the price subsidies. However, most of the people are not aware of the subsidies now. A public poll conducted in Jingzhou City, Liaoning Province, indicated that 92 percent of the residents did not know how much subsidy their grain quota contained. Hence, some comrades used "a drizzle in the night moistening plants noiselessly" to describe the state's price subsidy policy.

However, rain is not always even. According to philosophers, a thing may often turn to its opposite in the course of its development. With the passage of time, the negative effect of China's price subsidy policy has become more and more obvious. Instead of regarding the subsidies as a timely rain nourishing the people's lives, they are thrown into garbage cans or poured into sewers. Last autumn more than 200,000 kg of cabbage were thrown into the ponds in Changsha. A reporter asked a local leader: "You will have to pay a huge sum for it. Where can you get the money from?" The reply was: "The higher authorities allocated more than 10 million yuan in vegetable subsidies to the city. We can pay the amount from this sum of money."

In every restaurant and dining room throughout the country, garbage bins full of rice and steam bread can be found. Although the state does not have surplus grain, people recklessly waste it. In the "1988 World Development Report," the World Bank sharply pointed out: "The food subsidies of the developing countries have led to excessive consumption and waste."

Some subsidies have gone into the pockets of a handful of elements by illegal means, enabling them to become rich. Now "grain coupons" are also called "second banknotes" because of the five functions of banknotes, except for "world currency," grain coupons are similar to them in terms of value and means of circulation, storage, and payment. They can be exchanged for eggs, sweet potatoes, sesame oil, pressure cookers, basins, clothes, trousers, or whatever is available in the market. The grain coupons issued by the state which have no face value have become "equivalent" because they contain state subsidies. No matter how the portion (not exchanged at equal value) of grain purchased changes, the portion of subsidies is practical. Of this, there are price subsidies for grain as well as all kinds of farm materials. Some people say that every kg of grain coupon "contains" at least 0.4 yuan. The problem is that the extra grain coupons, part of the subsidies offered by the state, went from the hands of urban residents to lawless elements through speculation. They made ill-gotten gains. Some urban residents also made an extra income from this. Moreover, a large amount of chemical fertilizers, diesel oil, and plastic sheeting (which contained

subsidies) bought at original prices were resold at higher prices. Some state functionaries and enterprise salesmen abused their powers to seek profits from state subsidies.

Some subsidies are also dissolved in our irrational circulation structure and have become expenses for redundant personnel. For example, the live pigs sold by a commercial department of a province in the south in 1987 contained around 400 yuan of price subsidies for each pig. According to the price at that time, they could liberally buy a pig from the peasants and then use the portion subsidized by the state to let the urban inhabitants enjoy meat free of charge. However, although the state subsidized a large amount of money, the price of pork still rose. Obviously, a large portion of the subsidies went to the operational departments. This is what we usually call the loss of a policy nature covering the loss in operation.

Moreover, another defect of the subsidy policy has been manifested in market supply and demand. Whatever the state subsidized would be in short supply. The state subsidized much money on chemical fertilizers, plastic sheeting, grain, cotton, soap, detergent, and textbooks, yet production fell short of the increasing consumption. This shows that while applying the law of value and increasing the purchase price to stimulate production, we failed to apply the law of value to readjust demand. Instead, we used subsidies to encourage consumption.

Viewed from the above circumstances, why could we not immediately abolish the price subsidies? The following metaphor, which may not be appropriate, proves the point: Those who smoke clearly know that smoking is hazardous to their health, yet they cannot give it up. A personage from an organ implementing the state's price subsidy policy said that price subsidy is connected with two ends, one is the peasants and the other is the consumers, both of which cannot be offended. It is quite clear that there are many defects in the policy, yet it cannot be abolished at the moment. What is more, the amount of subsidies increased, regardless of the years of good or bad harvests, our short supply of commodities. The subsidies increased in the years of good harvests because the number of people receiving subsidies increased. In years of bad harvests, however, the level of subsidies had to be increased. For example, China's price subsidies totaled 9.386 billion yuan in 1978. To encourage peasants to develop agriculture, a number of items were subsidized which redoubled the figure to 18.071 billion yuan in 1979. Although China reaped a bumper grain and cotton harvest in 1984, the amount of price subsidies topped 37 billion yuan.

In China, besides subsidies for prices, there are also subsidies for industrial and commercial enterprises' losses in central finance, and subsidies for transport, gas, and other public facilities in local finance. Statistics show that in 1988 the total sum of the country's financial subsidies exceeded 50 billion yuan. In Beijing, where the

state offered the largest amount of subsidies, financial subsidies approached 3.3 billion yuan, an average of 560 yuan a year or 1.6 yuan per day for each resident.

The huge subsidies have become a heavy financial burden. It is quite obvious that the growth in financial subsidies has outstripped that of general social efficiency. Comrade Deng Xiaoping pointed out: We are now advancing with a heavy burden. Price subsidies constitute a heavy burden as we have to allocate tens of billions of yuan every year. How should we get rid of the burden? The only way out is to introduce reform. As price subsidy is closely related to China's price policy, the reform of price subsidy will be closely related to price reform. The reform cannot be accomplished all at once or in a short while, but it will have to be done.

Capital Shortages, Remedies Discussed
HK1103062089 Beijing JINGJI RIBAO in Chinese
25 Feb 89 p 2

[Article by Dai Yuanchen (2071 0954 2525): "Reasons Behind the Strains on the Present Supply of Capital, Policy for Dealing With It"]

[Text] The present strains on the supply of capital has tellingly exposed the problem of credit inflation over the past few years.

The decision to improve the economic environment reached the grass roots around November of last year. However, the supply of capital had already become strained in August and September and the problem became even more serious in October and November. When the supply of capital began to become strained, the goals of the curtailment of investment in capital construction had not yet been attained, in containing the growth of group purchasing power we could only control the purchase of commodities without being able to do anything about the growth of individual consumption funds, and we could only prevent the excessive social demand from continuing to grow without being able to make it shrink significantly. Therefore, the present strains on the supply of capital are actually a result of the inflation of credit over the past few years.

This credit inflation has given rise to a number of problems, such as that of the inappropriate use of credit funds from many sources. These problems are mainly observable from the following facts:

Bank loans for investment in fixed assets have grown beyond the maximum possible limits. Loans for investment in fixed assets are generally long-term loans. Although the sources of funds are becoming exhausted, the banks cannot immediately get their money back. As a result, the supply of working capital has inevitably become strained.

The specialized banks have used part of the people's savings deposits to purchase capital construction bonds and financial bonds. This is a very common practice in the West. However, in China, because of the absence of a secondary market, these specialized banks cannot, in spite of their lack of funds, sell their bonds or mortgage them. Thus, some of their credit funds are tied up and turned into financial funds.

The savings deposits pooled under the post office savings deposits scheme developed over the past few years have all been forwarded to the central authorities for centralized use, with the result that local grass-roots banks now have a small amount of funds at their disposal. As a result of the rapid expansion of the rural cooperatives' credit and loan business, the total amount of loans has outgrown that of deposits and the money redeposited [zhuang cun kuan 6567 1317 2949] in agricultural banks has been drained away. Therefore, the agricultural banks' supply of funds is particularly strained.

The various types of banking and financial organizations, such as trust and investment companies, that have emerged over the past few years are absorbing capital from society by various means, thus depriving the banks of savings deposits. Enterprises issue bonds and raise funds under the pretext of facilitating the flow of capital. Actually, they are doing something to drain away bank savings. In addition, most of the funds they raise are used for long-term investment.

The necessary constraining mechanisms and macroeconomic regulation and control [tiao kong 6148 2235] means are absent in banking organizations.

In recent years, thinking that the banks have money, people have left the banks with one burden after another. Therefore, in spite of the rapid growth of society-wide, enterprise, and personal savings and the banks' flexible use of funds, we are still unable to meet the insatiable demand or to withstand the pressure of loans. Many local leaders did not realize that the banks' money is not just for the asking until the supply of capital became generally strained. They actually do not really understand the problem. Many of them are complaining that the higher authorities have excessively tightened the money supply. Few people really understand that credit inflation is on its way to a credit crisis.

On the production side, leaders at all level would like to see increases in investment in fixed assets, but do not understand that enterprise operations and business require both investment in fixed assets and working capital. The majority of enterprises rely on bank loans for their working capital. Therefore, as soon as the banks' sources of funds begin to dwindle, they will cash in on the working capital loans granted to the enterprises since they cannot immediately recover the loans granted to the enterprises for use as investment in fixed assets. Therefore, enterprises will be forced to cut down production or forced out of business by the lack of working

capital. In addition, enterprises with an appropriate amount of reserves will be the first ones to bear the brunt and enterprises with excessive accumulations will be better off. However, this will in turn encourage hoarding or encourage people not to make or receive payments through the banks, in order to prevent the banks from asking for loan repayments, thus aggravating the problem of the strained supply of capital.

Over the past few years, in the course of the banking structural reform, not enough attention has been paid to introducing mechanisms to contain the inflation of credit. Macroeconomic control [kong zhi 2235 0455] means and indirect regulatory [tiao jie 6148 4634] means that can be applied to banking have been discussed, but nothing has been done to introduce them. There are three major magic weapons [san da fa bao 0005 1129 3127 1405] that can be used in the macroeconomic control [kong zhi 2235 0455] of banking in the market economy. However, in China, because of the small number of stocks and bonds issued and because of the absence of a secondary market for stocks and bonds, the magic weapon of business openness is not applicable. Although a deposit reserve system is in force because the total amount of secondary loans [zai dai kuan 0375 6313 2949] granted to the specialized banks from the central bank is greater than that of deposit reserves handed over to the former from the latter, the use of deposit reserves as a magic weapon is very limited.

In the face of the problem of the strained supply of capital, we cannot act simplistically, but should adopt methods that take everything into consideration.

In the face of the problems of the strained supply of capital and the excessive issuance of currency, we must not take the problem of capital as simply a problem of capital and nothing else or adopt a simplistic approach to it. On the one hand, we must try our best not to adopt excessively restrictive measures, in order to prevent production from declining and to prevent the inflation from being aggravated by shortages. On the other hand, we should also avoid relaxing the money supply or opening a floodgate, so that rebounds [fan tan 0646 1734] and the reheating of the economy, which has not really cooled down, can be prevented. We can thus prevent the two things from happening simultaneously or alternately and avoid being overwhelmed. Therefore, it is necessary to adopt methods that take care of everything and to try to achieve results at a relatively small cost.

1. It is necessary to unswervingly improve the economic environment and to make control of aggregate demand a long-term goal in stabilizing the economy. Because of the present strained supply of capital, some localities are under pressure to open the floodgate. However, under the condition that total supply still cannot meet the aggregate demand, raising the floodgate is tantamount to trying to alleviate the credit crisis by means of a new inflation. However, a new inflation can only lead to a new credit

crisis. Therefore, in the face of calls for raising the floodgate, we must try our best to keep our faith in the retrenchment policy and in improving the economic environment. Although some measures may dampen people's enthusiasm, however, viewed from the standpoint of improving the economic environment, they can help us keep the overall situation stable at a relatively small cost.

2. If we let the credit crisis resulting from the credit inflation resolve itself without intervening, it will last 2 to 3 years or even longer. However, the country's shaky [cui ruo 5186 1726] economy cannot survive the prolonged strains on the supply of capital. Therefore, on top of the 15 billion yuan provided at the end of 1988, the central bank should provide more secondary loan funds for the specialized banks, in order to support the work to make more room for the working of the economy. However, everything must be done to prevent a new credit inflation and it is necessary to introduce the corresponding constraints.

3. Theoretically, it is possible to withdraw money from circulation and contain demand by selling small enterprises and private housing, by issuing stocks and bonds, or by adopting other measures. However, if we do not do things properly, we will provide a golden opportunity to people intending to seek personal gains by abusing their powers, bring about new social chaos and social dissent, and even make the supply of capital even more strained by depriving the banks of deposits. In addition, we may even stimulate the growth of social demand by financing capital construction with the money earned from the sale of small enterprises and housing. Therefore, in selling small enterprises, houses, and bonds, it is necessary to do things methodically and in a guided way and to avoid doing things as if we were starting movements. The money thus earned should be deposited in special accounts and remain frozen for some time before we distribute it according to ownership types, in order to prevent people from doing deviant things under false pretenses.

Foreign Economic Relations, Trade Reviewed
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6-12 Mar 89 pp 16-19

[“China’s Foreign Economic Relations and Trade: 1988-89” by Liu Xiangdong, head of the Department of Policy Research and System Reform of MOFERT]

[Text] During 1988, China opened wider to the world. It expanded economic development of its coastal areas and further deepened the reform of its foreign trade system, implementing a contract responsibility system and delegating rights to manage foreign trade downwards. As a result, imports and exports both grew substantially, as did investment and borrowing from abroad, and contracts for overseas projects and labour services.

For 1989, China plans to continue to seek foreign capital, especially for transport and communications, telecommunications and the development of its energy and raw material resources. Investors from Taiwan will enjoy particularly favourable treatment.

Import-Export Trade

According to initial figures from the Ministry of Foreign Economic Relations and Trade [MOFERT], China's foreign trade totalled U.S.\$79.419 billion in 1988. Exports came to U.S.\$40.102 billion, fulfilling the U.S.\$38 billion target set by the Seventh 5-Year Plan (1986-90) for 1990 2 years ahead of schedule. With imports at U.S.\$39.317 billion, China had a balance of trade of U.S.\$785 million in its favour, thus consolidating the surplus registered in 1987.

China has now established trade relations with more than 180 countries and regions. During the first 11 months of 1988, its five largest trading partners were Hong Kong, Japan, the EC, the United States, and the Soviet Union and Eastern Europe [see table below]. Trade with these countries and regions totalled U.S.\$51.96 billion, or 65.4 percent of all foreign trade over the same period.

The structure of China's imports and exports further improved in 1988. According to customs, finished industrial goods increased from 66.4 percent of all exports in 1987 to 69.1 percent. In particular, exports of light industrial products, textiles, machinery and electrical appliances rose by a large margin, while precision instruments and meters, sets of equipment, machine tools, colour televisions, and other household electrical appliances increased by fold [as published]. For the first time, Chinese-made airplanes were sold abroad, and commercial payloads were carried into space by the country's Long March rockets. In addition, technological exports commenced, indicating the growing sophistication of Chinese goods.

As regards imports, raw materials in short supply and advanced technology and equipment accounted for more than 80 percent. Chemicals and chemical fertilizer, synthetic fibre, natural rubber, pulp, farm insecticide, and granulated sugar, all increased, while expensive goods, such as motor vehicles and household electrical appliances, were subjected to stricter controls.

	1987	1988	Increase on (1987)
Exports	34.711	40.102	15.5
Imports	33.399	39.317	17.7
Total Foreign Trade	68.110	79.419	16.6

NOTE: Unit: U.S.\$ billion

	Trade With China (Jan-Nov 1988) U.S.\$ billion	Increase on Same Period in (1987)	of China's Total Foreign Trade
Hong Kong	18.76	33.6	23.6
Japan	12.66	10.8	15.9
EC	8.57	4.1	10.8
USA	7.14	27.7	9
USSR & East Europe	4.83	19.2	6.1

	Number of Projects on (1987)	Increase on (1987)	Negotiated Foreign Investment (U.S.\$ billion)	Increase on (1987)
Joint Ventures	3,900	180	3.1	60
Co-operative Enterprises	1,580	100	1.6	29
Exclusively Foreign-Funded Businesses	410	800	0.48	0.2
Total	5,890	164	5.18	42.4

Funds From Overseas

While striving to improve its economic environment and scale down capital construction, China has simultaneously endeavoured to expand the use of foreign funds. Loan agreements worth U.S.\$10.2 billion were signed last year, of which U.S.\$6.5 billion was actually borrowed, an increase of 30 percent and 13 percent respectively on 1987.

During the year, applications to establish 5,890 foreign-funded enterprises were given approval, up 164 percent on 1987. These involved a negotiated foreign investment of U.S.\$5.18 billion (42.4 percent up on 1987), with U.S.\$2.4 billion actually being put to use (up 12.8 percent).

In addition, seven contracts for the joint exploration and exploitation of China's offshore oil fields were approved during the year with a total value of U.S.\$58 million in negotiated investment. U.S.\$200 million has actually been put to use.

With improved operating conditions, a simplification of the procedures for examining and ratifying foreign-funded enterprises, and enhanced efficiency, the use of foreign funds had several new characteristics in 1988:

- The number of energy, transport, and communications, telecommunications, high-tech and other productive, technologically advanced and export-oriented projects all increased.

- Approval was granted to 410 exclusively foreign-funded enterprises, nearly 9 times as many as in 1987. Overall, the figure was 2.2 times greater than the sum total of the previous few years.

—Most foreign-funded enterprises in operation performed strongly. Some 2,600 foreign-funded enterprises exported goods worth U.S.\$1.7 billion, up 98 percent of 1987.

—With a rise in the proportion of medium- and low-interest, long- and medium-term loans from foreign governments and financial organizations, and a drop in the share of bonds issued abroad and commercial loans, the structure of China's foreign loans improved.

According to official figures, China has signed loan agreements worth U.S.\$46.9 billion and used U.S.\$33.1 billion since the introduction of the open policy in 1979. Negotiated foreign investment now totals U.S.\$25 billion, U.S.\$9 billion of which has already been used. To date, more than 15,900 foreign-funded enterprises have been approved, including 8,530 Sino-foreign joint ventures, 6,770 cooperative enterprises and 594 exclusively foreign-funded businesses. Nearly 6,000 of them have started operations, 85 percent of which are generating sound economic returns.

Overseas Cooperation & Investment

In 1988, China signed 1,650 contracts for overseas projects and labour services with a total value of U.S.\$1,832 billion, 5.72 percent more than in 1987. Actual earnings stood at U.S.\$1.2 billion, equal to 1987. China has now contracted projects and labour services with 118 countries, these have largely been in the Middle East, Africa, and Asia, but its American involvement has expanded, and labourers are now being sent to the Soviet Union and Eastern Europe. By the end of last year, 68,000 people were working overseas on labour service contracts.

The country also established 168 non-trade businesses abroad last year, involving a total investment of U.S.\$220 million, 66 percent of which was put up by China.

From 1979-1988, China signed 6,750 contracts worth U.S.\$10.1 billion for projects and labour services overseas. Some 300,000 workers have been sent abroad, and business conducted so far has earned U.S.\$5.7 billion. During the same period, 553 non-trade enterprises were set up abroad. Negotiated investment for these stands at U.S.\$2 billion, of which 38.75 percent has come from China.

Despite its success, China's foreign trade was not without its problems last year. With the downward delegation of foreign trade powers, unequal conditions of competition between localities and companies and poor management in certain areas, there was occasional confusion in some areas. In addition, the mushrooming of trading companies with inadequate management disturbed the order in foreign trade. These problems need attending to in 1989.

Tasks for 1989

To improve China's economic environment and order and deepen the reform programme, the main tasks for China's foreign trade are as follows:

—Strengthening the contract responsibility system across all and provinces, municipalities and autonomous regions. To create the conditions for equal competition, the proportion of foreign exchange each department and locality can retain should gradually be unified. A system of export agents will also be introduced, while, to readjust the economic order, all foreign trade companies will be subjected to inspection. Those without guaranteed funds, clear management objectives or which cannot fulfill their contracted tasks will be deprived of their management powers or forced to readjust their business scope.

—To counter the indiscriminate issue of import and export licences practised in some localities during 1988, licence management departments will be established. All licences for commodities under the unified management of the state will be issued by the MOFERT which will also allocate quotas and import-export licences for other commodities to each province, municipality and autonomous region according to the state plan.

—Readjusting the structure of import and export commodities. Although China abounds in natural resources, its average per-capita resources are limited owing to its large population. Exporting large quantities of raw materials and farm produce does not conform with China's conditions. Hence, China will stop the export of copper, aluminium, nickel, yellow phosphorus, platinum, and other commodities required for domestic production. Restrictions will also be imposed on commodities important for the national economy and people's livelihood, such as grain, cotton, edible oil, cotton yarn and cloth, pig iron, scrap steel, and ferrosilicon.

Continuing to expand exports of processed products is the key to ensuring overall export growth in 1989. Electrical machinery, light industrial products, clothing, processed foodstuffs, arts and crafts, household electrical appliances and other labourintensive products which enjoy a ready international market should become China's staple export commodities. Simultaneously, the strategy of developing the coastal areas should continue, and efforts should be made to develop the processing of imported materials to stabilize China's longterm export strategy.

Although China has limited imports of some commodities, overall the scale of imports will not be reduced. The principles guiding import policy are ensuring the supply of: (a) Raw materials needed for the development of the national economy and for the production of consumer goods in great demand; (b) raw materials and equipment for key production projects; and (c) other commodities according to the country's ability. Imports of cigarettes, wines, and other consumer goods will be limited.

China's Import & Export Trade (1979-88)

	Total Value of Imports & Exports	Export Value	Import Value
1979	29.333	13.658	15.675
1980	37.822	18.272	19.550
1981	40.375	20.393	19.482
1982	39.297	21.819	17.478
1983	40.727	22.197	18.530
1984	49.772	24.416	25.356
1985	60.246	25.915	34.331
1986	60.097	27.014	33.083
1987	68.110	34.711	33.399
1988	79.419	40.102	39.317
Total	505.198	248.997	256.201

NOTE: Unit: U.S.\$ billion

—Improving the economic environment. While scaling down capital construction, China will strive to absorb more foreign funds. In the first half of this year, the state and the various provinces, municipalities and autonomous regions will publicize a series of projects requiring foreign investment. Foreign businesses are particularly welcome to invest in energy projects, transport and communications, and telecommunications, as well as projects for the production of rolled steel, chemical raw materials, machinery parts and electronic components which China imports in large quantities and which it will not be able to manufacture itself in the foreseeable future. Foreign investment in non-productive projects such as hotels, residential and office buildings, and some productive projects dependent on imported components and parts but sold only on the domestic market will be suspended.

In addition to setting up joint ventures, cooperative enterprises, and solely-funded businesses in the mainland, Taiwan investors can also purchase stocks, bonds and real estate. Management terms will not be restricted. According to the Constitution of the People's Republic of China, no Taiwan-owned property or investments will be nationalized.

Climate for Overseas Investment, Economic Growth
OW1103214189 Beijing BEIJING REVIEW in English
6-12 Mar 89 pp 4

[Article by Yao Jianguo: "Will Economic Curbs Hit Overseas Investment?"]

[Text] Currently China is striving to scale down its overheated economy, improve its economic environment and rectify its economic order. Chinese leaders have reiterated: These efforts will not affect China's open policy. While China curtails its economic growth, its doors remain open to foreign investment. Simultaneously, it will strictly uphold and protect contracts for foreign-funded projects, including those already in operation.

In the rational readjustment of the investment structure, priority and guarantees of funds, manpower and materials will be given to projects filling China's urgent needs. In China, this restructuring of foreign investment policy is called "leaving one side of the net open."

Under the principle of improving the economic environment, China will also restructure priorities on how foreign capital is used. The reasons for this are understandable: In the past few years, office buildings, hotels and guesthouses have attracted large amounts of foreign capital. There are now more than enough of these kind of projects and no further large-scale construction is needed. Present efforts to scale down capital construction are targeted on reducing investment in this field.

In the future, foreign businesses will encounter difficulties in securing partners and approval for investment in hotels, guesthouses and residential or office buildings in major tourist cities. In addition, foreign investment will generally not be accepted for projects manufacturing goods with export quotas or licence control (such as clothing and textiles), household electrical appliances and automobiles to be sold on the domestic market requiring long-term supplies of imported components.

Will this mean foreign investment in China will become more difficult? No. Although China is overhauling its economy, many areas still require foreign capital.

First, China's efforts to curtail investment in fixed assets are being combined with a rational readjustment of its industrial structure. Instead of investment being curbed, it will be redirected; pruned severely in some sectors, and guaranteed and increased in others. At present, the weak links in China's economy are energy, transport and communications, and telecommunications, and the iron and steel, chemicals, machinebuilding and electronic industries dependent on imported raw materials. Foreign businesses, therefore, are encouraged to invest in these areas.

Second, at present, China particularly welcomes overseas businessmen to establish more exclusively foreign-funded enterprises, especially ones that are export-oriented and technologically advanced. In recent years, thanks to the gradual improvement in China's investment environment, this form of enterprise has multiplied in China. In 1988 alone, 410 were set up.

Third, most of China's 1.2 million enterprises are poorly equipped, giving foreign companies ample scope to find an investment target suited to their needs. Modernized with foreign funds, they can quickly yield economic returns. In recent years, China has given investment priority to the technological transformation of light industry, machine-building, electronics and the development of intensive processing and new products.

For investment in the above three fields, foreign investors do not have to worry about supplementary funds from China. Wang Deyan, president of the Bank of China, declared recently that although China is slowing down its economy, loans for foreign-invested enterprises will be guaranteed and more funds will be available than in 1988. Last year, the bank lent U.S.\$2.246 billion in foreign exchange and 3.88 billion yuan to foreign-funded enterprises.

With favourable geographical conditions, ample labour power, stronger economic foundations and improving transport and communications, China's coastal areas are well suited to the development of compensatory trade and processing imported materials to supplied designs. These forms of economic co-operation, which combine overseas inputs and markets with comparatively cheap Chinese labour, can yield reasonably large economic returns over a short period of time. They are an ideal area for foreign investment.

Overall, China's current policy of curbing its economic growth rate will not detrimentally affect foreign investment. The government's readjustments are aimed at redirecting funds from one set of channels to another, and the country's doors remain wide open to the world. As an instance of this, in the first half of this year, the State Planning Commission and various provinces, municipalities and autonomous regions will publicize a series of projects requiring foreign backing to help overseas companies select suitable areas for investment in China.

Influence of Inflation on Agriculture Viewed
*HK1403092189 Beijing QUNYAN in Chinese No. 2,
7 Feb 89 pp 15-17*

[Article by Wang Chuanlun (3769 0278 4858): "The Effect of Inflation on Agriculture"]

[Text] In 1988, we had a double-digit increase in commodity prices, and the margin of increase was higher than previous years, mainly because the scale of investment in fixed assets, consumption, and expenses were out of control, and the decrease of production and investment due to disproportion in the inner structure of the national economic sectors. These two reasons caused currency supply (tong huo gong ying 6639 6303 0180 2019) to exceed the actual value of the commodities which can enter circulation. All-around price hikes were thus generated. This was the so-called inflation.

The effect of inflation can be viewed from the following two aspects. First, what is the effect of inflation and all-around price hikes on agriculture? Second, what is the effect of checking inflation on agriculture?

In the course of inflation, various kinds of commodity prices never go up in a balanced way. Since 1979, the state has increased the purchasing prices of agricultural products by a big margin in order to narrow the gap between industrial and farm prices. This has played the

role of stimulating agricultural production. However, in the last 2 or 3 years, such stimulation has been weakened. Now, the prices of grain, cotton, and edible oil are higher than 5 years ago, the prices of the means of production needed by agriculture such as chemical fertilizer, agricultural chemicals, diesel oil, plastic sheeting for agricultural use, fodder, and so on have also shot up. "The price of grain increases by several fen per jin, chemical fertilizer by several jiao, and agricultural chemicals by several yuan." Thus, the comparative prices of agricultural products drop again to the bottom, and the comparative results of agricultural production considerably decline. Since the enthusiasm of peasants in agricultural production has been dampened, it is difficult to ask them to increase their production. Therefore, the effect of inflation on agricultural production will be serious if we fail to take proper and relevant measures to deal with it.

A fairly large quantity of agricultural products in our country are produced and consumed by the peasants themselves. Only those surplus farm products enter the market. The production of agricultural products for commercial purposes is most seriously affected by inflation. Peasants' enthusiasm for voluntarily selling grain to the state has declined. The amount of commodity grain is low, and now most of the commodity grain has flowed into the free market. Therefore, grain kept in stock in the granary of the state has been decreasing. This has forced up the price of grain sold at negotiated prices. As far as cotton is concerned, the situation is more serious. Economic results of planting cotton are comparatively low, and the free market can only absorb a very small amount of cotton. This year peasants sold cotton to the state in spite of the fact that they lost money by doing so. However, next year's cotton production will inevitably be affected. Inflation has adversely affected production of agricultural products for commercial purposes. Actually, grain and nonstaple food supplied by peasants to cities and towns as well as raw materials for light industry and other processing industries are affected. This cannot but produce a harmful influence over the entire national economy.

To increase agricultural production, priority should be given to solve the following problems. First, our investment in agriculture is not sufficient, our soil is poor, and our capability in combating drought and floods is not powerful enough. Second, we have not been able to fully make use of large-scale agricultural production in addition to insufficient use of technology and low economic results. On the one hand, inflation has forced up the prices of products needed in agricultural investment. On the other hand, it has brought about grim prospects to the results and benefits of investment. This is harmful to arousing the enthusiasm of peasants in increasing investment and production. Inflation has increased agricultural production needed by the peasants themselves, but has comparatively decreased agricultural production for commercial purposes. Of course, this will be harmful to

the peasants' efforts to expand average cultivated land of peasant households through economic methods, and to derive benefit from large-scale agricultural production.

At present, a fairly large number of peasants have entered township and town industry or commerce. Although they have left the agriculture, they have not left their villages. What is the influence of inflation on township and town enterprises? Abstractly speaking, when commodity prices increase, the prices of products manufactured by township and town enterprises, and their profits will also go up. Therefore, township and town enterprises will not be adversely affected. Actually, this is not the case. Inflation can stimulate excessive social demand, so that we further lack products in short supply, and raw and processed materials. Township and town industry is mostly made up of simple processing industries. When raw and processed materials, electric power, and energy are in short supply, it is not easy for the existing township and town enterprises to survive. It is particularly difficult for us to develop new township and town enterprises with an aim of absorbing surplus agricultural labor force.

If inflation continues, it will produce a harmful influence over agricultural production and investment, as well as the improvement of our production setup. Disadvantages will then exceed advantages. This will not be helpful to finding a solution for the problem of the surplus agricultural labor force, and even the readjustment of the structure of the national economy.

In view of the fact that inflation might harm our national economy, the 3d Plenary Session of the 13th CPC Central Committee held in September 1988 made an analysis of the economy, and formulated guiding principles, policies, and measures aimed at improving the economic environment, rectifying the economic order, and deepening the reform. What will be the effect of the implementation of these measures over the checking of inflation and the development of agriculture?

Very often we hear some people say that overheated economy means overheated urban industry and overheated processing industry. But as far as rural economy and agricultural production are concerned, instead of being overheated, they are left out in the cold. This is a lopsided view, and might cause misunderstanding. But the following point is correct: The situation in urban areas is different from that in rural areas, and the situation of industry and commerce is also different from that of agriculture.

To improve the economic environment, our priority task is to reduce the margin of price increase, so that it will not exceed last year's level. Our current measures should be mainly focused on curbing demand. In this connection, we should reduce the scale of capital construction, and weaken purchasing power of social groups. To ensure the effectiveness of these measures, we should

exercise control over the scale of bank credits, and the flow of our cash. Although these measures are necessary, their enforcement will inevitably affect our agriculture.

Purchasing agricultural products is originally an important way for investing our cash. After the autumn harvest, we pay out a considerable amount of cash in exchange for agricultural products such as grain, cotton, oil crops, and so on. These products will be processed by industrial departments so that they will become light industrial products to satisfy domestic market demand, including the rural market. Some of these products can be exported to foreign countries. If the flow of our cash is concentrated on one or two items, and cash recovery is slow, this will inevitably cause stagnation. The current difficult problem facing us is that if we do not have sufficient cash to purchase agricultural products, peasants will naturally be dissatisfied with us, and next year's production will inevitably drop. This will make our work of purchasing agricultural products next year more difficult. However, if we fully satisfy the demand in cash for purchasing agricultural products, the total amount of the issuance of renminbi will exceed the limits. This might affect macroscopic economic situation, or cause imbalance. The problem is quite obvious. In addition, peasants dislike the so-called "blank strip of paper" (bai tiao 4101 2742), a piece of informal receipt which cannot be used to buy things, but can only be deposited in bank. The government can only allow banks to increase their cash supply. It seems that half of the problem has been solved. What about the other half? Will excessive cash supply not force up commodity prices again?

There is a strain on rural credits. Inflation has slowed down the growth of rural bank deposits. The balance of bank deposits once fell. As source of funds is limited, agricultural banks and credit cooperatives can only earmark one-fourth of their rural credits for agricultural production. Most of the credits are provided for rural industry and commerce. Due to the fact that the economic results of agricultural production, and grain production in particular, are low, and that the length of maturity of credits for agricultural production is comparatively long, and greater risk must be taken in this regard, preference of credits is given to industry and commerce. Under such circumstances, in the course of reducing the scale of nationwide credits, if we fail to take necessary measures, credits for agriculture will be greatly affected. There will inevitably be a strain on the supply of circulating funds needed by agricultural production. Agricultural production is a very strong seasonal undertaking. If the funds for agriculture cannot be sufficiently, or promptly provided, next year's production will inevitably be affected.

It seems that improving the economic environment and rectifying the economic order is likely to put off the implementation of price readjustment; consequently, the market will be stabilized in the next two years. This is necessary for setting the consumers' minds at ease as well

as stabilizing the value of renminbi. Regarding agriculture, however, one point must be taken into account, namely, the current price parity between industrial products and farm produce.

China's feats in increasing its agricultural output since the seventies have been eye-catching. Of all the reasons to account for them, the readjustment in the price ratio of farm produce was significant. Now the price parity between industrial products and farm produce is restored to the original condition, and is at the bottom of the valley as mentioned above. Should such price parity, which is unfavorable to agriculture, be maintained two years even with some difficulties in the course of halting inflation and pushing forward price readjustment, the consequences will be unpleasant. The peasants will lose most of the benefits they have gained; this will result in grave effects on worker-peasant relations as well as the government-people relations. The government has taken note of this issue; hence, its decision to raise the purchasing prices of some items of farm produce.

While raising the purchasing prices of farm produce, it is imperative to stabilize the marketing prices of grain and other major items of farm produce. Obviously, this will be difficult. However, this is necessary for the primary policy of halting inflation. Raising the purchase price of farm produce is favorable to the peasants; in consequence, however, the government's subsidies and financial expenditures will balloon. Eventually, this is unfavorable to improving the economic environment and rectifying the economic order. Under such complicated conditions, raising the purchase price of farm produce can only be implemented by "taking small steps," with some limitations. Even by "taking small steps," the government will still be in a dilemma, for the peasants will not be satisfied, and the government will have to increase subsidies to the grain department and farm produce marketing department.

While raising purchase prices, it is necessary to guard against a price rise for all kinds of articles involved in the input of agricultural production. Otherwise, the price parity between input and farm produce will return to the old level with bad effects. To resolve this, the government can only adopt some administrative measures. To guarantee grain production, the policy of "three linkings," linking contracted purchases of grain to the supply of chemical fertilizers and diesel oil at low prices to the release of grain

purchase deposits, will remain unchanged, while the volume of chemical fertilizers linked to contracted purchase will be appropriately increased. To achieve this, the government will spare no foreign exchange to increase import of chemical fertilizers. To guarantee the peasants' enthusiasm on production, it is necessary to implement specialized management of major agricultural production materials, to consolidate the production materials market, and to keep price rises under control.

It will be rather difficult to make various policies and measures for checking inflation suit the actual rural conditions and the characteristics of agriculture while being flexible and effective. However, this is a matter of vital importance. True, it is necessary to curtail inflation and demand, but it is equally necessary to promote production and supply. This is all the more obvious with the agricultural department. But then, this involves not just the agricultural department, but the entire national economy. Should agriculture fail to increase output, or even worse, run downhill in the course of resolving inflation, the time involved in improving the economic environment will be prolonged, while affecting the whole situation of the economic structural reform.

What does it mean if measures other than curtailment, or even of relaxation are adopted, based on the actual rural conditions and characteristics of agriculture, against the whole situation in which investments, credits, monetary issuance, financial expenditures, general demand and supply are curtailed? This means: We must cut deeper into the investments in nonproductive projects, projects promising low economic results, and consumption expenditures with nothing to do with national welfare and the people's livelihood, as well as enterprises and institutions with poor management and low efficiency, luxurious buildings, and conspicuous consumption. Only then, will it be possible to spare some manpower, material, and financial resources for guaranteeing agriculture and such basic industries in the national economy as energy resources, raw materials, communications, and transportation. This is not leaning toward agriculture while inhibiting industry, but a correction of the original leaning, and an economic structural readjustment. In the final analysis, the demand-supply process was certainly an important cause to account for the grave inflation in 1988, but the loss of balance in the economic structure was also a major cause. Resolving inflation should not go contradictory to the requirements of agricultural development. This is something that should not be neglected.

East Region

Anhui's Lu Rongjing Attends Nonparty Meeting

OW1403040989 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 7 Mar 89

[Excerpts] The provincial party committee sponsored a forum of nonparty people yesterday morning to brief them on party-building work and to solicit their views on ways to strengthen and improve party leadership and promote party-building.

Lu Rongjing, secretary of the provincial party committee, first briefed the nonparty friends on the guidelines of the CPC Central Committee instructions on party-building, the provincial work conference on party-building to be held soon by the provincial party committee, and other related matters.

Lu Rongjing said: The CPC Central Committee takes the existing problems within the party and ways to promote party-building seriously. It has held a series of meetings and sponsored a study class on party-building to earnestly study this issue. To diligently implement the CPC Central Committee's plan, the provincial party committee has decided to convene a provincial work conference of secretaries of the various prefectural, city, and county party committees on party-building in mid-March. At the meeting plans will be made party-building.

Lu Rongjing said: This will be the first time in recent years that such a large provincial work conference on party-building has been held. We hope nonparty people will speak their minds freely, and offer as many ideas and suggestions as possible on ways to promote the province's party-building, and help us to do our work well. [passage omitted]

At the meeting, Meng Fulin, deputy secretary of the provincial party committee, delivered a report on the situation of improving the economy and rectifying economic order in Anhui Province. Yang Yongliang, another deputy secretary, delivered a report on the guidelines of relevant CPC Central Committee documents. [passage omitted]

Jiangsu's Han Peixin Addresses Women's Day Forum

OW1403004989 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 4 Mar 89

[By station reporter Chen Dongwu]

[Text] During a speech today at the opening of a forum in Nanjing to commemorate the 8 March Women's Day, Han Peixin, secretary of the provincial CPC Committee, stressed: All localities in the province must accord greater importance and redouble their work efforts for women, establish the status of women in full, and allow women to exercise a greater role.

He said: One of the important aspects of strengthening party-building is to intensify our work for women. Every front must be on the lookout for talented women, give practical training to female cadres, and, in a planned way, promote women to leading positions at every level.

In commemoration of the 8 March Women's Day, the All-China Women's Federation made great efforts to commend advanced women and outstanding female cadres. Some 42 women from Jiangsu were bestowed with the honorary title of National Standard Bearer of 8 March, and 20 cadres from the provincial Women's Federation were named National Outstanding Cadre of Women's Federations.

Han Peixin, Gu Hao, Wu Xijun and other leading comrades today met with Jin Qinglin, Qing Suping, and Xia Bin, Jiangsu's advanced women and representatives of outstanding women cadres. The women were about to leave for Beijing.

Xiang Shouzhi Addresses Nanjing PLA Meeting

OW0803082889 Nanjing XINHUA RIBAO in Chinese
21 Feb 89 p 1

[By Zhu Zhengping (2612 3630 1627)]

[Text] Commander Xiang Shouzhi addressed a meeting on the public security, the judicial, and the procuratorial work of the Nanjing Military Region. The meeting ended on 20 February. As most of the military region's units are stationed in coastal areas, large- and medium-sized cities, and along major transportation lines, Xiang Shouzhi called on leaders at all levels to regard maintenance of public order as an important task and unshirkable duty and to render prompt and active assistance to local governments in various fields, while intensifying public security, judicial, and procuratorial work among all PLA units.

During the 6-day meeting, the participants relayed and studied the guidelines of the national and all-army conferences on public security, judicial, and procuratorial work, reviewed the progress in investigating and handling economic criminal cases since the military region's meeting on public security, judicial, and procuratorial work last year, and studied and worked out arrangements for this year's tasks. Fu Kuiqing, political commissar of the military region, spoke on ways to enhance awareness of the enemy and heighten vigilance in peacetime in order to ensure the smooth progress of reform and socialist modernization. Leading comrades of the military region Guo Tao, Wang Chengbin, Shi Yuxiao, Liu Lunxian, and Yu Yongbo attended the meeting.

Jinan's Jiang Chunyun Attends Plenary Meeting

SK1303045689 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 8 Mar 89

[Excerpts] The provincial government held an enlarged plenary meeting in Jinan on the afternoon of 8 March. This was the first enlarged plenary meeting held since the

readjustment and replenishment of the provincial government leading bodies. The division of work of the leading members of the provincial government was announced at the meeting. Governor Zhao Zhihao will take charge of the provincial government's overall work and will concurrently take charge of the structural reform, educational, financial, and supervisory work. Vice Governor Gao Changli will assist the provincial government in handling the day to day work. He will concurrently take charge of scientific, technological, public security, judicial, state security, civil administrative, army relations with the people, personnel affairs, archives, people's letters and visits, and the government's legislative work. He will also concurrently take charge of the work of the government general office, counselor's office, and the Research Institute of Culture and History. Vice Governor Ma Shizhong will concurrently take charge of foreign trade, foreign affairs, tourists, overseas Chinese affairs, economic studies, banking, tax affairs, auditing, commercial affairs, grain, supply and marketing, pricing, and the industrial and commercial administrative work. He will also assist the provincial governor in carrying out routine financial work. Vice Governor Li Chunting will concurrently take charge of the planning, statistical, materials, labor, industrial, communications, energy, post and telecommunications, township enterprises, geological and mining, standard measurement, production safety, economic cooperation, and physical culture and sports work. [passage omitted]

Governor Zhao Zhihao gave a speech at the meeting. He said: From now until the end of the tenure of office of this government is a period encompassing the last 2 years of the Seventh 5-Year Plan and the first 2 years of the Eighth 5-Year Plan. This is a crucial period for attaining the objective of quadrupling the industrial and agricultural output value. We must stand on a higher level, have long-term views, handle major affairs, keep the overall situation in mind, grasp the key points, and carry out our work in a sincere manner. [passage omitted]

Jiang Chunyun, secretary of the Shandong provincial party committee, and Ma Zhongchen, deputy secretary of the provincial party committee, attended and addressed the meeting.

Comrade Jiang Chunyun said: The second session of the seventh provincial People's Congress which just ended was good and successful. One of the achievements of this session was that we elected a good provincial government leading body through by-elections. Judging by the individuals or the overall situation, this body has been strengthened. We believe that this body will do the provincial government work in a better manner and will achieve greater success. The provincial party committee hopes that all members of the provincial government will actively support the work of the new leading body, promote the achievements, overcome shortcomings, and raise government work to a new level. We must work together with one heart, work in unity and with cooperation, actively implement all tasks and measures for this

year, firmly grasp the opportunities, work out correct policy decisions and guidelines in a timely manner, learn from the another, improve workstyle, and enable the provincial government to realistically become an honest, clean, creative, energetic, and highly effective leading organ.

Shanghai's Zhu Rongji Attends Congress Forum
*OW1003133589 Shanghai City Service in Mandarin
 2300 GMT 1 Mar 89*

[Text] A forum of deputies of the Seventh NPC to report on their recent inspection of Shanghai was held at an auditorium in Jinjiang Hotel yesterday. Ye Gongqi, chairman of the municipal People's Congress Standing Committee, chaired the meeting.

The NPC deputies attending the forum gave reports concerning the national economic plan, the budget and final accounts, and the industrial and agricultural situation of Shanghai in 1988. The NPC deputies maintained that the heartening achievements made by Shanghai in economic development last year were the result of concerted efforts of the people of the whole city and the municipal government. However, the situation currently facing Shanghai is still very grim and must be handled seriously.

Mayor Zhu Rongji extended thanks to the NPC deputies for their views concerning the work of the municipal government. Vice Mayor Huang Ju also attended yesterday's forum.

Shanghai Welcomes Foreign Investment
*OW1203083789 Shanghai City Service in Mandarin
 1000 GMT 3 Mar 89*

[Text] On the morning of 3 March, Shanghai Vice Mayor Huang Ju told foreign consuls, representatives of foreign firms in Shanghai, and Chinese and foreign journalists: In the course of improving the economic environment and rectifying economic order, the Shanghai Municipal Government has decided to do its utmost not only to maintain the open policy, but also to take full advantage of the opportunity to promote a further development of an export-oriented economy in Shanghai.

Vice Mayor Huang Ju spoke at an information release meeting on Shanghai's use of foreign capital in 1989 held yesterday by the Municipal Foreign Investment Work Committee. He said: At present, Shanghai must integrate its use of foreign capital with its readjustment of industrial structure, take full advantage of its superiority in technical force, infrastructure, industrial capability, and good quality of labor force, make great efforts to use foreign capital and management experience in Shanghai's old enterprises, develop enterprises that use imported raw and processed materials to produce export goods, and encourage the establishment of wholly foreign-owned enterprises in Shanghai.

Yesterday Ye Longfei, vice chairman of the Shanghai Municipal Foreign Investment Work Committee, published 92 planned projects of Shanghai and the city's 1989 catalog of projects in which foreign investment is encouraged. He also clearly and definitely announced a number of projects in which foreign investment is prohibited or restricted. They include those for iron and steel smelting, electrical machinery, cotton yarn, beverages, and beer. In addition, tourist hotels, office buildings, music cafes, car rentals are also among the restricted items.

It was disclosed that in 1988 Shanghai approved 309 foreign investment projects, using more than \$500 million. They include 219 enterprises with partial foreign investment and 5 wholly foreign-owned enterprises. In 1989, Shanghai will gradually establish a municipal network for handling foreign businessmen's complaints. All government organs responsible for examining and approving foreign investment projects and all departments handling the foreign investment work will each set up a "special desk" for handling foreign businessmen's complaints.

Central-South Region

Guangdong Editor Resigns Over Government Conflict
HK1103035389 Hong Kong HONGKONG STANDARD
in English 11 Mar 89 p 6

[By Tammy Tam]

[Text] An editor of an outspoken, influential Guangzhou-based newspaper has resigned under political pressure as the paper was apparently "out of line" with government policy.

Mr Zeng Zhaoren, deputy chief editor of the ASIAN-PACIFIC ECONOMIC TIMES, said yesterday he had resigned because he could no longer define what was politically sensitive.

The paper, which started publication 18 months ago, was out-spoken on social issues.

In one instance, the paper published an article questioning the government's regulation banning sauna services.

The regulation stipulated that masseuses could not service male customers and vice-versa.

The article asked: "Is massaging by opposite sex debauchery?"

"I was told that Guangdong's party chief Lin Ruo was angry with the article," Mr Zeng said.

"Officials of the provincial level questioned my intention to publish the article, saying that I oppose the government regulations.

"On February 28, 10 days after the controversial article was published, a first deputy chief editor was sent to the paper. He came with a duty to keep the paper in line with the government tone. Since then I could not decide which articles were to be published, so I decided to quit."

The ASIA-PACIFIC ECONOMIC TIMES, which now has a circulation of 40,000 is highly appreciated by leaders in Beijing, Mr Zeng said.

Mr Zeng lamented the conservative atmosphere in Guangdong. "It is strange that while the economy is developing fast in Guangdong, its political atmosphere is so conservative," he said.

"I think I have to give up my passion for newspaper work unless the government allows operation of privately-owned newspapers and has a clear journalism law," said Mr Zeng, who is to start a consultancy firm.

Editor Zeng Replaced

HK0803074389 Hong Kong SOUTH CHINA MORNING POST in English 8 Mar 89 p 13

[By Daniel Kwan]

[Text] Heavy-handed politics in Guangdong has claimed another casualty—an editor of a non-party newspaper, who has been stripped of his editorial authority and responsibility for publishing views not in line with the Government's economic policies.

Mr Zeng Zhaoren, deputy editor of the ASIAN-PACIFIC ECONOMIC TIMES, a newspaper published by the Guangdong Academy of Social Sciences, has been replaced for expressing views that contradicted the government's austerity program.

The newspaper published an article on February 19 about the government's decision to clamp down on prostitution in sauna baths in Guangdong Province.

In a modest manner, the article described the development of the sauna business in Guangdong and said only very few of these parlors were involved in prostitution.

The article said the authorities should not take a yidao-qie (across-the-board) approach in dealing with the issue.

This obviously referred to an order issued by the authorities in November last year, which stipulated that only foreign-funded hotels could provide sauna services to their foreign guests and which banned massage services for customers of the opposite sex.

An informed source said Guangdong Party Secretary Lin Ruo was furious over the report and ordered that the editor be replaced.

It is widely acknowledged that the newspaper, which has a relatively small circulation of 40,000, is one of the three most outstanding independent newspapers in the country, the other two being the WORLD ECONOMIC HERALD in Shanghai and the ECONOMIC WEEKLY in Beijing.

The ASIAN-PACIFIC ECONOMIC TIMES was started only a year ago and its income came mainly from subscription sales and advertisements.

However, it was understood that the article only precipitated the deputy editor's removal as Mr Lin was said to have been unhappy over its editorial line for some time.

Earlier on, the newspaper published an article that described the present economic situation in Guangdong as "shivering" instead of "overheating".

It said that since banks had drastically cut credit for some enterprises when the government announced its decision to "rectify the economic order" last year, many of them were on the verge of bankruptcy because of shortage of cash.

Changfandiao—singing the opposite tune—was the real cause of the editor's removal, an informed source said.

According to Mr Zeng, he would stay on with the newspaper but would concentrate on the marketing side rather than editorial.

"I am not mad about their decision because it was natural for them to do that. In fact, I requested to have the change when they told me that they were going to have a new editor. My only regret was that we don't have a press law to protect freedom of speech," said Mr Zeng.

"I was caught because I didn't know the rules of the game. They never tell us journalists what we can do and what we can't," he added.

The incident has highlighted the absence of legal protection for the press in China—even in a place such as Guangdong which has been held up by its leaders as the "most open" province as a direct result of the country's economic reform policy.

It also reflected the lack of respect for the press among government officials, who largely believe that the press is the mouthpiece of the government and not of the people.

The controversy has had little impact so far on the revenue of the newspaper, according to Mr Zeng, but it was understood that some writers were having second thoughts about contributing articles.

Mr Lin was appointed first secretary-general of the party in Guangdong Province in 1985. Being a native from Zhaozhou (Chiu-chow), Mr Lin was said to have made his mark in Dongguan, where he was in charge of agricultural work.

He once worked for the present Governor of Guangdong, Mr Ye Xuanping, as his chief lieutenant on the reorganized party committee.

Guangdong Planning Chief on Economic Problems
HK0303051389 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 2 Mar 89

[Text] This morning, as commissioned by the provincial government, Provincial Planning Commission Director Wang Guiying reported to the second session of the seventh provincial People's Congress on the draft provincial economic and social development plan for 1989. He said that there were worries amid the joy concerning the province's economic life last year.

1. The rural economy continued to develop, but production was not stable enough. Agricultural output value was 19.1 billion yuan, a rise of 7.5 percent over 1987. However, output plans for the main crops, grain and oil, were not fulfilled, and their output dropped.

2. Sustained growth was recorded in industry, but the growth rate was too high. Industrial output value for the year was 88.66 billion yuan, an increase of 35 percent, greatly exceeding the planned growth of 13 percent, and outstripping the capacity of energy, communications, and raw materials.

3. Foreign trade continued to expand, but the production costs of generating foreign exchange increased. Total export volume was \$7.37 billion, a rise of 35.4 percent over 1987. Due to rising prices and other factors, the production costs of generating foreign exchange increased.

4. The urban and rural markets were a scene of sustained prosperity, but prices rose too high.

5. There was excessive investment in fixed assets, while construction of key projects was stepped up somewhat.

Southwest Region

Guizhou Secretary Addresses Inspection Meeting
HK1303080589 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 11 Mar 89

[Excerpts] On behalf of the provincial party committee Standing Committee, yesterday afternoon Secretary Liu Zhengwei made an important speech to comrades attending a provincial conference on discipline inspection and building a clean party and government, and to party member cadres at or above the departmental level from provincial organizations.

In his speech, Comrade Liu Zhengwei emphasized: Party-building should be an important item on the agenda of party committees at various levels. At present the work of building the party with strictness and enforcing party discipline should be centered on the effort to maintain

high standards of ethical integrity. He continued: When our country has been at the crucial moment of improving the economic environment, rectifying the economic order and comprehensively deepening the reform, we will not be successful if we do not develop the commodity economy, study ideological and political work, and make party-building a main priority. He emphasized: Party committees at all levels, including the provincial party committee, must enhance their understanding and analyze and discuss concrete measures to be adopted to strengthen party-building in compliance with the dual tactics policy. To build a clean and honest administration, you must investigate major and serious criminal cases, and establish a relevant system. Viewed from the present situation in our province, emphasis must be placed on investigating and dealing with cases involving party, government organs and party member cadres. Those who ignore the improvement and rectification policy and relevant regulations formulated by the central authorities, and the provincial party committee and government, defy orders and prohibitions, and follow their own course whatever others may say should be investigated and dealt with more seriously.

Liu Zhengwei said: To develop a clean party and government system, we have to start with the approach of making both the system and results of operation open and accepting supervision from the people. [passage omitted] He also stressed: To build a clean party and government, full play must be given to the supervisory role of the People's Congress, the CPPCC, democratic parties, people of all circles, and mass organizations.

The provincial conference on discipline inspection and maintaining a clean and honest administration is going to conclude today.

Sichuan Gold Deposits Show Potential
OW1103091489 Beijing XINHUA in English
0847 GMT 9 Mar 89

[Text] Chengdu, March 9 (XINHUA)—A vein gold deposit found in western Sichuan Province two years ago has recently been classified as one of the gold mining areas for key exploitation during the Eighth Five-Year Plan Period (1991-96).

According to the Southwest Geological Prospecting Company, under the Metallurgical Industry Ministry, the initial verification of two of the ore bodies shows that their grade and thickness are of standards rarely seen in China. In addition, local transportation facilities are favorable to exploitation, the company said.

Sichuan is a major producer of placer gold in China, whose gold output has increased by more than 10 percent annually in recent years.

Tibet's Hu Jintao Stresses Spring Farming
HK1303020889 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 12 Mar 89

[Text] At a meeting convened by the regional government chairman on 11 March, after hearing reports on how government leaders have been going down to the countryside, regional party committee Secretary Hu Jintao gave the following views on how to do a good job in current spring farmwork and animal husbandry:

1. At present the prefectural and city party committees and governments and the regional departments must firmly embrace the guiding idea of grasping things with two hands, eliminate the effects that the Lhasa riots have had on other areas, eliminate all factors for instability, and do a good job in spring farmwork and animal husbandry as practical action for repulsing the crimes of the separatists.
2. We should further study the question of how to deepen the reforms in the agricultural and pastoral areas, and strive for still greater development in agriculture and animal husbandry this year. All areas should further firm up the responsibility system for leading cadres and the contract system for science and technology personnel. These two systems and the contracted responsibility system based on the household should be integrated, and everyone's initiative in this respect should be mobilized.
3. During the period of spring farming and animal husbandry work, all localities must do a good job in transporting and supplying agricultural materials [words indistinct].
4. The leading cadres at all levels must go into action and get to the front line to guide and solve problems in production, to ensure the smooth progress of the work.

Tibet's 30th Anniversary of Reform Noted
OW1003195289 Beijing Television Service
in Mandarin 1100 GMT 10 Mar 89

[From the "National News Hookup" program]

[Text] Today is the 30th anniversary of Tibet's democratic reform. It is also the 30th anniversary of the end of serfdom in Tibet. Over these 30 years, Tibet has undergone drastic changes. Beginning today, we will present a news segment, "Reports From Tibet," by our reporters and in cooperation with reporters of the Tibet Television Station.

On 10 March 1959, a reactionary clique from Tibet's high social stratum openly tore up the agreement on the peaceful liberation of Tibet, signed in 1951 between the Central People's Government and the Tibet local government, and blatantly mounted an armed rebellion acting against the trend of history and the will of the broad masses of local people. To maintain unification of the motherland and to protect the interests of the broad masses of people in Tibet, the central authorities had no choice but to put down the rebellion. Meanwhile, at the strong request of the broad masses of the Tibetan people and with the support of

public figures at the high social stratum, the central government decided to start democratic reform in Tibet, a great revolution in Tibet's history.

In this connection, Raidi, secretary of the Tibet regional party committee, received our reporter for an interview. [Begin Raidi recording] The democratic reform opened a

new era in Tibet's history. It has far-reaching influence and epoch-making significance on social development and progress and to the prosperity of the people in Tibet. Following democratic reform, the people in Tibet have really acted as masters. They established a socialist system after putting an end to feudal serfdom. [end recording]

Northeast Region

Shao Qihui Elected Heilongjiang Governor SK1303034889 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 10 Mar 89

[Excerpt] At the third meeting of the second session of the seventh provincial People's Congress held on the afternoon of 10 March, Shao Qihui was elected governor of the Heilongjiang Provincial People's Government; and Chen Liemin was elected vice chairman of the Seventh Heilongjiang Provincial People's Congress Standing Committee. The meeting was presided over by He Shou-lun. Attending the meeting were Sun Weiben, Zhang Ruoxian, Wang Yusheng, Ji Hua, Zhao Qingjing, Du Dianwu, Wei Yuling, Tian Fengshan, Yang Fuxing, Liu Molin, Chen Yude, Li Huixin, Li Ying, and Qin Guangxi, executive members of the congress. [passage omitted]

Heilongjiang Decision on Managing Foreign Loans SK1303045189 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 8 Mar 89

[Text] Our province shall manage, according to law, the work of asking for loans from foreign countries and establish, in a step by step manner, a new order for requesting foreign loans.

A responsible person of the provincial exchange control administration told a reporter on 8 March: Over the past few years, our province has scored fairly high achievements in using foreign loans. The province's foreign debts fell short of the requisite amount in international practice. Thus, the province is able to take out more foreign loans under the restrictions set by the scale of state loans. There are some problems in managing foreign loans in our province that must not be ignored.

The provincial exchange control administration made a decision that from now on, no departments or units are permitted to borrow international commercial loans of various types from foreign countries or to borrow loans from the foreign organizations and the foreign banks in our province in violation of the provincial plan for using foreign capital and without the approval of the Heilongjiang Provincial Branch of the People's Bank of China. Without the approval of the provincial exchange control administration, the guarantees for foreign firms are invalid. Without the approval of the provincial exchange control administration, no one is permitted to deposit loans in foreign banks. Those who violate this decision shall be punished according to the regulations on management of foreign exchange.

Liaoning Establishes More Joint Ventures OW1203173789 Beijing XINHUA in English 1453 GMT 12 Mar 89

[Text] Shenyang, March 12 (XINHUA)—Liaoning Province, in northeast China, established 266 joint ventures with foreign businesses last year, more than in the previous nine years, Liaoning Governor Li Changchun said recently.

Foreign investment reached 1.3 billion U.S. dollars, 1.34 times the 1987 figure.

Last year the province exported 3.87 billion U.S. dollars worth of goods, 25 percent up on the previous year.

The province made 55.42 million U.S. dollars in tourist receipts. This was nearly four-fifths higher than in 1987.

Shenyang Woman's Plight Reflects National Scene OW1303070689 Beijing XINHUA in English 0921 GMT 10 Mar 89

[Text] Shenyang, March 10 (XINHUA)—A young woman working in a factory in Shenyang, capital of Liaoning Province, was fired from her job as soon as she got back from her honeymoon.

During last year, in Shenyang alone, 20,000 working women were declared redundant.

An investigation made by the Women's Committee of the All-China National Labor Force Commission at the end of last year among 660 enterprises in China showed that 20 percent of their staffs had been declared redundant and 64 percent of them were women.

Reducing extra staff is part of the present reform being carried out in the urban areas throughout China, which aims at improving labor productivity. Since more and more women have fallen victims to it, there has now emerged a controversy as to whether women should go back home or stay at work.

Enterprises nowadays do not want to enroll women. Among the heads of the 666 enterprises mentioned above, only 5.3 percent of them said that they want to take on women workers. The problem seems to be maternity pay.

Also, some husbands like their wives at home. Also, "If women stay at home, there will be less traffic problems," said a middle-aged male worker.

But some disagree. They hold that as prices keep rising one income is not enough for a family.

Meanwhile, women demand equal opportunity and fair competition in employment with men.

Having succeeded in leaving the home and working outside after the founding of new China in 1949, which is considered a great achievement for the Chinese Women's Liberation Movement, women are now unwilling to leave their work units.

"I want to go on working in the factory," said a woman worker who has been dismissed. She is now making a living by selling toys as a self-employed worker.

To become self-employed like this woman is one way out for all women who share the same experience. Another way out for them is to work as a tailor or to do some service work at the labor markets set up for women by the factories.

Chinese people used to say "A woman can do everything a man can." Today, however, they admit the fact that there do exist some physical differences between the sexes, and what is being sought now is a proper social place for women.

What is the best way out for Chinese women is a controversial topic which has led to heated discussion in a special column carried regularly in "WOMEN OF CHINA", the most popular women's magazine in the country.

Liaoning Leaders Perform Benefit for Teachers
OW1103130789 Beijing XINHUA in English
0857 GMT 11 Mar 89

[Text] Shenyang, March 11 (XINHUA)—Four provincial People's Congress (PPC) delegates and eight Political Consultative Conference (PCC) members from Liaoning Province put on a benefit performance Thursday to raise money for the province's Teachers' Foundation.

The 12 delegates, who were attending PPC and PCC meetings at Shenyang, capital of Liaoning Province, are also noted actors, actresses, musicians and television performers.

Proceeds from the show will be donated to the province's Teachers' Foundation, which was established last September.

The organization, which has an annual budget of 400,000 yuan; will use the money to reward model teachers. (One yuan equals approximately 27 cents U.S.).

A fitting factory donated 5,000 yuan and a self-employed woman gave the foundation 100 yuan after the benefit performance.

Provincial Governor Li Changchun said that he was "deeply moved" by the generosity of the performers and patrons, who gave hope to all who want to promote Chinese education.

Liaoning 1988 Paddy Output at 3.42 Million Tons
SK1303040589 Shenyang Liaoning Provincial Service
in Mandarin 2300 GMT 12 Mar 89

[Text] The province's paddy rice output has accounted for 26.4 percent of its total grain and soybean output. In 1988, the provincial paddy output reached 3.42 million tons, an increase of 0.9 percent over that of the previous year. In comparing 1988 with the period just after the founding of the PRC, paddy output has increased by 24 times.

Trade Surplus With U.S. Declines in 1988

*OW1003052389 Taipei CNA in English
0251 GMT 10 Mar 89*

[Text] Taipei, March 10 (CNA)—The decline in the Republic of China's [ROC] 1988 trade surplus with the United States was higher than any of the other Asian newly-industrializing countries (NICs), economic and trade officials said Thursday.

The officials indicated that the ROC's 1988 imports from the U.S. grew sharply while its exports to the U.S. declined significantly. They said that the ROC's 1988 trade surplus with the U.S. fell 25.6 percent, the largest among NICs, followed by Hong Kong at 21.3 percent.

South Korean and Singaporean 1988 trade surpluses with the U.S. grew 0.2 percent and 4.8 percent respectively, the officials indicated.

Official To Visit U.S. To Discuss Surplus

*OW1003214489 Taipei CNA in English
1639 GMT 10 Mar 89*

[Text] Taipei, March 10 (CNA)—A ranking trade official is flying to the United States on March 12 to assure Americans that the Republic of China [ROC] will cut its trade surplus with its biggest trading partner at least 10 percent each year.

Vincent Siew, vice chairman of the Council for Economic Planning and Development, will take with him an action program to improve this country's trade relations with the U.S. which has repeatedly complained of the huge surpluses enjoyed by the ROC.

Last year, the ROC recorded a surplus of about U.S. dlsr 10 billion in its trade with the U.S., in spite of ROC efforts to cut the surplus as much as possible. The U.S. economy is hard hit by its twin deficits in national budget and international trade.

Siew told reporters Friday that during his one-week trip he will clearly explain to the U.S. Government, Congress, and business leaders the concrete moves that have been and will be made by the ROC to cut the chronic trade surplus.

He said, however, that he has not been authorized to speak about such sensitive issues as the exchange rate. He noted that he can only exchange his personal views with the Americans on such topics.

The Americans have had general understanding of the ROC's action program through media reports and are mostly positive in their evaluation of this policy, according to Siew.

Major points in the action program include reducing the U.S. share of ROC exports from 38.7 percent in 1988 to 33.5 percent in 1992 and cutting the ROC's trade surplus every yearly at least 10 percent.

Siew will also tell the Americans that the country plans to gradually reduce its trade surplus from 10 percent of GNP last year to 4 percent. He did not specify when that goal would be reached.

Premier Yu Seeks Commodity Price Stabilization

*OW1003052789 Taipei CNA in English
0251 GMT 10 Mar 89*

[Text] Taipei, March 10 (CNA)—Premier Yu Kuo-hua, worried by a surge in inflationary pressures, Thursday instructed the Economics Ministry and other government agencies to act promptly to stabilize domestic commodity prices.

Premier Yu was quoted by Vice Economics Minister Li Mo as telling the weekly cabinet meeting that the Economics Ministry should watch closely the rise in commodity prices and work to curb the trend by ensuring a sufficient supply of necessities.

According to informed government sources, Yu also asked the Council for Economic Planning and Development to coordinate the work of government agencies to further stabilize commodity prices.

The council later said that it would invite representatives of the finance and economics ministries, the Central Bank of China and the Council of Agriculture to jointly prepare a price-stabilization plan which would stress tightening the money supply and lowering import tariffs.

The council also decided Wednesday that it would ask financial authorities to hold money supply growth to below 20 percent.

The Commodity Price Supervisory Board of the Economics Ministry also met to discuss ways to cope with the growing inflationary pressure, which worsened last month as the consumer price index rose 4.07 percent, a 7-year high.

Premier Yu, in his administrative report to the Legislative Yuan earlier this month, had pledged that the government would try to keep the consumer price index from growing more than 3 percent this year.

The board decided to urge the government to ease inflationary pressure by further lowering money supply growth, significantly reducing import tariffs, and preventing agricultural prices from rising further.

Premier Yu on Progress in Sino-Europe Ties
OW0903230989 Taipei CNA in English
1531 GMT 9 Mar 89

[Text] Taipei, March 9 (CNA)—Premier Yu Kuo-hwa said Thursday that the Republic of China will continue to make major progress in its substantive relations with European countries.

He told a group of journalists from Europe that the nation currently has representatives in 15 European countries, and that two-way trade last year reached U.S. dlrs 17.8 billion, up 35.8 percent over 1987.

He also noted that 15 European banks have branches in Taipei, a sign of their confidence in this country.

In a reply to questions by a Dutch TV reporter, Yu said that the private and the industrial sectors here have been doing their best to protect the environment.

He said that by the year 2000, spending for environmental protection by public and private sectors will amount to U.S. dlrs 35.7 billion.

Hong Kong

SRV Government Accepts Refugee Obligations
HK0903052589 Hong Kong SOUTH CHINA MORNING POST in English 9 Mar 89 p 1

[By Simon Macklin in Kuala Lumpur]

[Text] The Vietnamese Government has accepted its responsibility towards people who left illegally, meaning that Vietnamese boat people could be repatriated if they fail to qualify for refugee status, the delegation representing Hong Kong at a conference on refugees said yesterday.

Hanoi accepted it had an international obligation for their citizens who illegally entered another country and were not considered to be refugees under United Nations criteria, the head of the Southeast Asia Department of the British Foreign Office, Mr David Colvin, said after two days of negotiations behind closed doors in Kuala Lumpur.

The announcement followed two days of intense negotiations between representatives of 30 countries including representatives of the Hanoi administration, in which a comprehensive plan of action designed to resolve the region's problem with Vietnamese boat people was accepted.

The Vietnamese delegation is believed to have tried to agree on a broader definition of the criteria for refugee status.

The meeting established a steering committee which would now present the plan to a worldwide conference in Geneva in June.

Hong Kong's Secretary for Security Geoffrey Barnes said the talks had been "very successful" for the territory, one of the major first-asylum nations for the Vietnamese.

"What it means in Hong Kong is the acceptance by the Vietnamese that they have a responsibility for their citizens who are not refugees to return to Vietnam," Mr Barnes said.

"We are very pleased with the way the conference has gone. We have secured our bottom line which was the agreement by Vietnam to observe its responsibility for non-refugees," he said.

Mr Barnes said the agreement would not alter Hong Kong's existing policy of screening out genuine refugees from illegal immigrants.

The meeting proffered international acceptance and support of the policy introduced last June, he said.

Mr Barnes said the agreement represented an acceptance by Hanoi of the need for the mandatory return of those boat people who did not qualify as refugees, even if they were unwilling to go back to Vietnam.

But he accepted that the details of forced repatriation were not spelt out in the text of the action plan because the wording might offend some groups.

"What we are talking about here is the principle, not the words which people might object to."

"We have tried to avoid the use of emotive terms," he said.

Mr Barnes said he believed the agreement could stem the flow of boat people to Hong Kong.

"I do believe what we have here is the basis for a solution to the problem."

The leader to the Vietnamese delegation, Assistant Foreign Minister Vu Khoan, said there had been frank discussions between the delegates.

Mr Khoan said the Vietnamese team had been prepared to compromise on its previous tough stance against the principle of the repatriation of anyone who was not prepared to return to Vietnam.

But Mr Khoan would not elaborate on what sort of compromise his government was prepared to make.

One diplomat said the Vietnamese had arrived at the conference determined to reach an agreement.

"When they realised they were off side with everyone else they had no alternative but to compromise," the diplomat said.

But although the Vietnamese had agreed to the principle of accepting the return of all boat people who do not qualify as refugees, delegates generally agreed it would be some time before the first batch was returned to Vietnam.

The agreement includes proposals designed to encourage boat people to volunteer to return home.

The comprehensive plan comprises a total of eight sections.

The plan includes proposals for humane measures to be adopted to deter clandestine departures from Vietnam.

The agreement also spells out plans to increase emigration from Vietnam through regular departure and migration programs.

Amerasians and former re-education centre detainees will be given full access to regular departure and migration programs.

But a date is to be fixed when all countries of first asylum in the region will adopt a cut off date after which they will introduce screening for all new arrivals.

The agreement allows for the other first asylum countries to adopt the same policy implemented in Hong Kong last June, while Hong Kong's policy will remain unchanged.

Resettlement countries are also to increase their resettlement programs to try and reduce the number of refugees in camps around the region.

The full details of the plan will be worked out before a further international conference is held in Geneva in June.

One diplomat said he believed the Vietnamese would gradually shift their stance on what constituted voluntary repatriation so that it eventually included the mandatory return of all boat people who did not qualify for refugee status.

In Hong Kong, Oxfam spokesman Chris Bale said: "In principle, we can't object to people who arrive here illegally being forcibly sent home, as they are every day at Kai Tak.

"We don't have any problem with the Vietnamese being repatriated, so long as a fair screening process establishes they are not genuine refugees who will not be mistreated on their return.

"The question is how repatriation should be handled, and when. But it will not solve the problem on its own.

"Also needed is help from the international community to improve conditions there and a stepping-up of Vietnam's orderly departure program.

"It's quite clear that people are fleeing because there is no work or food. Where there is poverty, people will try to run from it."

No Date Set for Iranians at Consulate To Leave
HK0903065489 Hong Kong AFP in English
0652 GMT 9 Mar 89

[Text] Hong Kong, March 9 (AFP)—The Hong Kong Government said Thursday that no date had been set for Iranian consular staff to leave the British colony following a call from London to close the consulate here.

"The Iranian Consulate General has been informed" of the decision, a Hong Kong Government spokesman said, adding that "we have not been told by the Iranian consular officials when exactly they will leave the territory."

A Hong Kong Immigration Department spokesman said there were about 20 Iranians in Hong Kong, adding that "we have no instructions that all Iranians here would be affected."

British Foreign Secretary Sir Geoffrey Howe told the House of Commons Wednesday that Iran had been given two weeks to recall its staff from Hong Kong, and that an unspecified number of Iranians were to be expelled from Britain for security reasons.

The move came after Iran broke off diplomatic ties with Britain Tuesday amid a growing row over the book "The Satanic Verses" by Indian-born British author Salman Rushdie, which many Moslems consider blasphemous Islam.

Britain recalled its diplomats from Iran two weeks ago after the country's spiritual leader the Ayatollah Ruhollah Khomeini called for Mr. Rushdie's death on February 13.

The Hong Kong Government spokesman said there are four Iranian diplomats working at the consulate here, Consul-General Modjtaba Karami, Vice-Consuls Alireza Mosalla and Ahmad Masoumi-Far and administrative officer Manouchehr Sobahani Firouzabad. All four are married.

Staff at the consulate were not immediately available for comment Thursday.

An official at the local branch of Iran's largest bank, Bank Melli Iran, said he did not "think the consulate closure order would affect our business here in any way."

Liaoning Economic Symposium Ends in Hong Kong
SK1303040989 Shenyang Liaoning Provincial Service in Mandarin 2300 GMT 12 Mar 89

[Text] According to a special dispatch from Hong Kong, the 8-day Liaoning Provincial International Economic and Technical Cooperation and Export Symposium successfully concluded on the afternoon of 11 March. The volume of imports and exports transacted exceeded \$140 million, and the total joint-venture investment covered by international economic and technological cooperation projects amounted to \$240 million. Such a gratifying situation is manifested in the new achievements scored by our province in opening to the outside world; the new change in the province's investment environment; and the winning of the full affirmation and good appraisals by Hong Kong's press, economic, and trade circles.

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